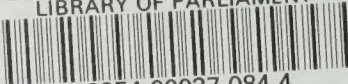


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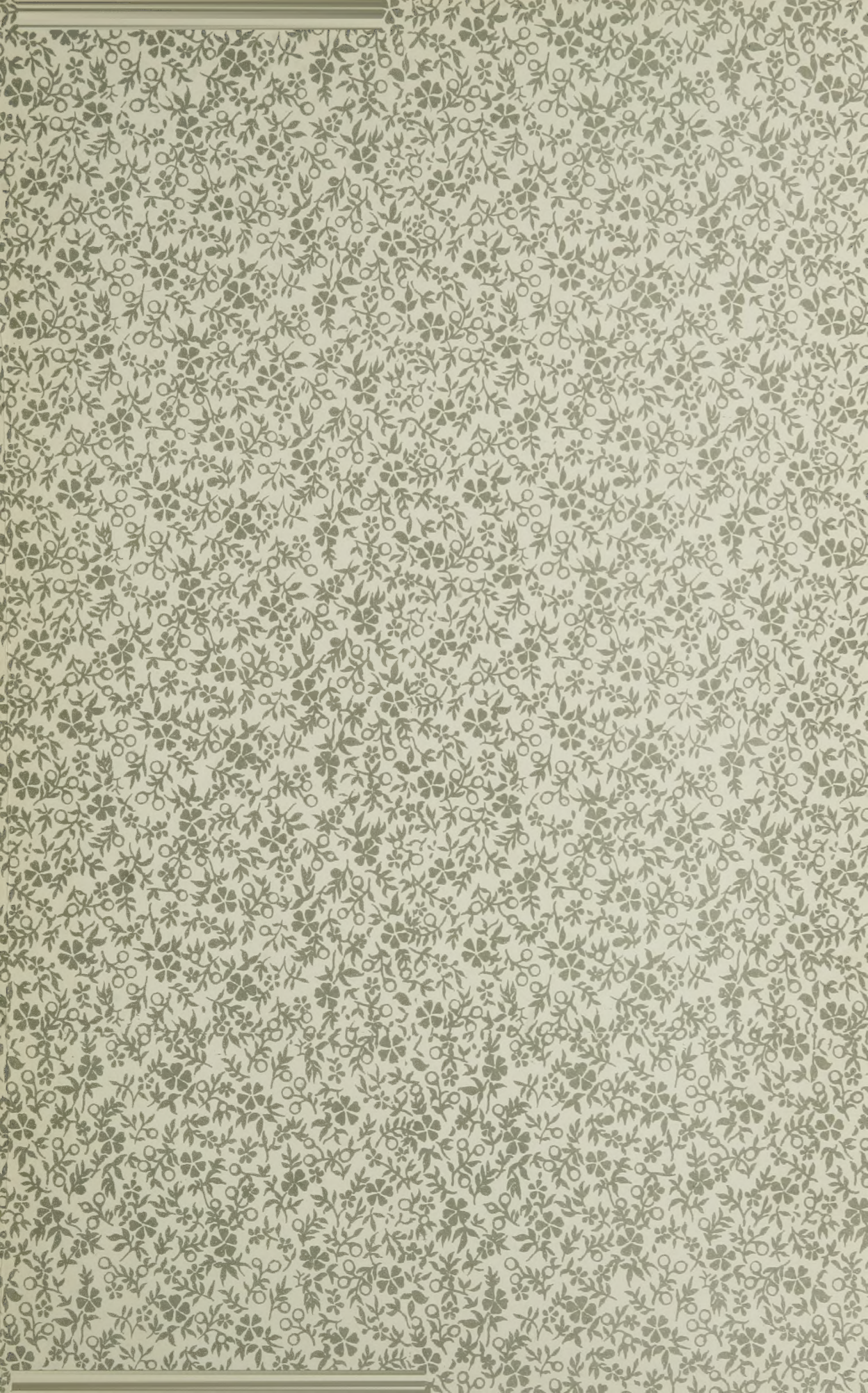
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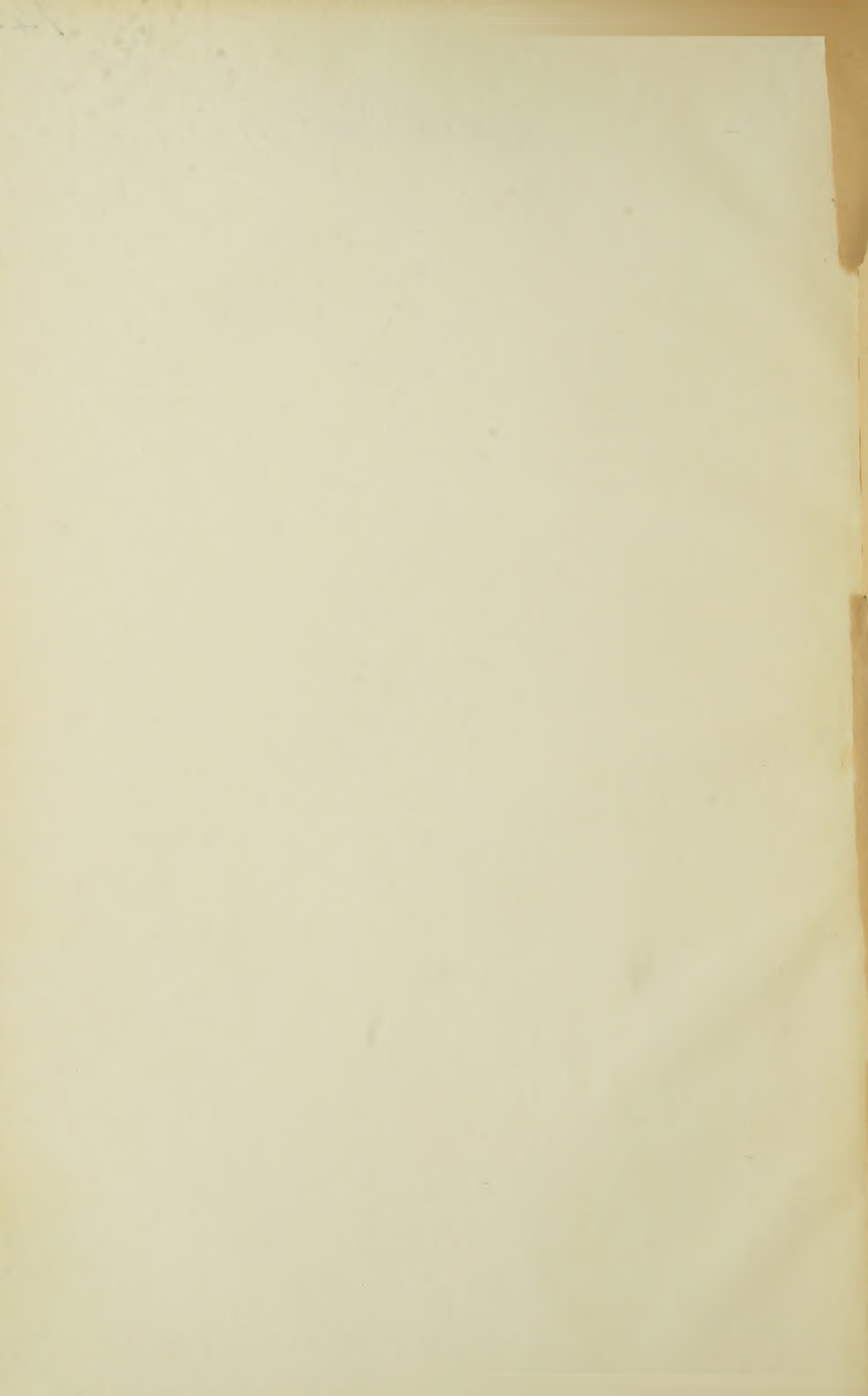
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INQUIRY

RESPECTING WITHDRAWALS BY

HON. JAMES MURDOCK

OF HIS DEPOSITS FROM

THE HOME BANK OF CANADA

Nos. 1 and 2—MAY 28 and JUNE 4, 1924

WITNESSES

Mr. G. T. Clarkson, Liquidator of The Home Bank of Canada, Toronto.
Mr. J. F. M. Stewart, Director of The Home Bank of Canada, Toronto.

EXHIBITS

- Exhibit No. 1.—Home Bank of Canada Deposit Savings Account of Hon. James Murdock, M.P., covering period February 22, 1923, to August 17, 1923.
- Exhibit No. 2.—Copy of letter, dated May 7, 1924, sent by Mr. G. T. Clarkson to Hon. James Murdock, M.P., asking refund of money withdrawn by latter from Home Bank of Canada.
- Exhibit No. 3.—Letter, dated May 14, 1924, sent by Hon. James Murdock, M.P., to Mr. G. T. Clarkson, enclosing refund of part of money withdrawn from Home Bank of Canada, and promising balance.
- Exhibit No. 4.—Copy of letter, dated May 16, 1924, sent by Mr. G. T. Clarkson to Hon. James Murdock, M.P., enclosing statement showing amount to be refunded to Home Bank of Canada by Hon. James Murdock.
- Exhibit No. 5.—Statement, dated May 20, 1924, sent by Mr. G. T. Clarkson to Hon. James Murdock, M.P., indicating amount of money to be refunded to Home Bank of Canada by Hon. James Murdock.
- Exhibit No. 6.—Letter, dated May 26, 1924, sent by Hon. James Murdock, M.P., to Mr. G. T. Clarkson, enclosing cheque for \$2,115.08.
- Exhibit No. 7.—Home Bank of Canada Deposit Slip, dated July 3, 1923, for \$4,000.00, signed by James Murdock.
- Exhibit No. 8.—Twenty cheques drawn on Home Bank of Canada by James Murdock, between June 15, 1923, and August 14, 1923.

ORDERS OF REFERENCE

HOUSE OF COMMONS,

OTTAWA, March 19, 1924.

Resolved,—That the following members do compose the Select Standing Committee on Privileges and Elections:—Messrs. Archambault, Baxter, Black (Yukon), Brown, Bureau, Cannon, Copp, Elliott (Waterloo), Findlay, German, Gouin (Sir Lomer), Guthrie, Hammell, Jacobs, Johnston, Kyte, Kelly, Lapointe, Logan, Macdonald (Pictou), Macphail (Miss), McMaster, Morrison, Porter, Ryckman, Sexsmith, Stewart (Hamilton), and Vien.—28.

Attest.

W. B. NORTHRUP,

Clerk of the House of Commons.

Ordered,—That the Select Standing Committee on Privileges and Elections be empowered to examine and inquire into all such matters and things as may be referred to them by the House; and to report from time to time their observations and opinions thereon, with power to send for persons, papers and records.

Attest.

W. B. NORTHRUP,

Clerk of the House of Commons.

THURSDAY, May 22, 1924.

Ordered,—That the following:—

Mr. Porter, seconded by Mr. Guthrie, moved,—That E. Guss Porter, member representing the Electoral riding of West Hastings, in this House, having declared from his seat in the House that he is credibly informed and that he believes he is able to establish by satisfactory evidence that:—

The Honourable James Murdock, Minister of Labour, did withdraw from the Home Bank at its Ottawa Branch on the 15th day of August, 1923, two days before such bank's failure, thousands of dollars on deposit therein to his credit, using certain information he had received, as such Minister, of the likely immediate failure of said bank, and had received advantage and profit to himself to the extent of such withdrawals, contrary to his obligations as such Minister in derogation of his office and the honour, dignity and traditions of Parliament,

be referred to the Select Standing Committee on Privileges and Elections of this House to inquire fully into the said allegations with power to send for persons, papers and records, to examine witnesses under oath or affirmation, and that the said Committee do report in full the evidence taken before them and all other procedure on the reference, and the result of their inquiries to this House for such action thereon as this House may determine.

Attest.

W. B. NORTHRUP,

Clerk of the House of Commons.

TUESDAY, May 27, 1924.

Ordered,—That the name of Mr. Ethier be substituted for that of Sir Lomer Gouin on the said Committee.

Attest.

W. B. NORTHRUP,
Clerk of the House of Commons.

WEDNESDAY, May 28, 1924.

Ordered,—That the names of Messrs. Hanson and Stewart (Leeds), be substituted for those of Messrs. Baxter and Black (Yukon), on the said Committee.

Attest.

W. B. NORTHRUP,
Clerk of the House of Commons.

WEDNESDAY, June 4, 1924.

Ordered,—That the said Committee be given leave to have their proceedings and evidence printed from day to day for the use of the members of the Committee, and that Rule 74 be suspended in reference thereto; and that the quorum of the said Committee be reduced to seven members.

Attest.

W. B. NORTHRUP,
Clerk of the House of Commons.

REPORTS OF THE COMMITTEE

FIRST REPORT

4th June, 1924.

The Select Standing Committee on Privileges and Elections beg leave to present the following as their First Report:—

Your Committee recommend that they be given leave to have their proceedings and evidence printed from day to day for the use of the members of the Committee, and that Rule 74 be suspended in reference thereto.

Your Committee also recommend that their quorum be reduced to seven members.

All which is respectfully submitted.

J. ARCHAMBAULT,
Chairman.

MINUTES OF PROCEEDINGS

SELECT STANDING COMMITTEE ON PRIVILEGES AND ELECTIONS

ROOM 268, HOUSE OF COMMONS,

FRIDAY, 28th May, 1924.

The Committee met at 10.30 a.m., Mr. Archambault, the Chairman, presided.

Present:—Messrs. Archambault, Baxter, Black (Yukon), Copp, Elliott (Waterloo), German, Guthrie, Hammell, Johnston, Kyte, Lapointe, Macdonald (Pietou), McMaster, Porter, Ryckman, Sexsmith, Stewart (Hamilton), Vien,—18.

The Chairman read the Order of Reference.

Mr. German moved, and it was

Resolved, That when the Committee adjourns to-day it do stand adjourned until Wednesday, 4th June.

Mr. Porter moved that the following witnesses be summoned to attend on Wednesday next, 4th June, viz.:—

(1) G. T. Clarkson of Toronto—with the books of the Home Bank showing the account of Hon. James Murdock, both current and savings, between 20th June and 20th August, 1923, and all cheques drawn upon same between said dates; also the minutes of the directors of the said Home Bank between said dates; also all correspondence between the liquidator and Hon. James Murdock.

(2) Hon. Mr. Robb.

(3) Hon. G. P. Graham.

(4) Right Hon. W. L. Mackenzie King.

(5) Hon. Mr. Low.

(6) Mr. R. P. Gough of Toronto.

(7) Mr. J. F. M. Stewart of Toronto.

(8) Mr. S. Casey Wood of Toronto.

Mr. Vien moved, in amendment, that the suggested witnesses be not now summoned until the charge which they are being brought to establish is more clearly defined.

After discussion, Mr. Vien's amendment was dropped, and Mr. Porter's motion was carried unanimously.

The Committee adjourned until Wednesday, 4th June, at 10.30 a.m.

ROOM 268, HOUSE OF COMMONS,

WEDNESDAY, JUNE 4, 1924.

The Committee met at 10,30 a.m., Mr. Archambault, the Chairman, presided.

Present,—Messrs. Archambault, Brown, Bureau, Cannon, Copp, Elliott (Waterloo), Ethier, German, Hammell, Hanson, Jacobs, Johnston, Kelly, Kyte, Lapointe, Logan, McMaster, Morrison, Porter, Ryckman, Sexsmith, Stewart (Hamilton), Stewart (Leeds), Vien.—24.

Mr. Porter moved, and it was

Resolved,—That the Committee ask leave to have their proceedings and evidence printed from day to day, for the use of the members of the Committee, and that Rule 74 be suspended in reference thereto.

Mr. German moved, and it was

Resolved,—That leave be asked to reduce the quorum to seven members.

Mr. G. T. Clarkson of Toronto, a liquidator of the Home Bank of Canada, was called and sworn. Mr. Clarkson was examined by Mr. Porter, and subsequently by other members. In the course of examination, the following exhibits were filed:—

Exhibit No. 1,—Home Bank of Canada Deposit Savings Account of Hon. James Murdock, M.P., covering period February 22, 1923, to August 17, 1923.

Exhibit No. 2,—Copy of letter, dated May 7, 1924, sent by Mr. G. T. Clarkson to Hon. James Murdock, M.P., asking refund of money withdrawn by latter from Home Bank of Canada.

Exhibit No. 3,—Letter dated May 14, 1924, sent by Hon. James Murdock, M.P., to Mr. G. T. Clarkson, enclosing refund of part of money withdrawn from Home Bank of Canada, and promising balance.

Exhibit No. 4,—Copy of letter, dated May 16, 1924, sent by Mr. G. T. Clarkson to Hon. James Murdock, M.P., enclosing statement showing amount to be refunded to Home Bank of Canada by Hon. James Murdock.

Exhibit No. 5,—Statement, dated May 20, 1924, sent by Mr. G. T. Clarkson to Hon. James Murdock, M.P., indicating amount of money to be refunded to Home Bank of Canada by Hon. James Murdock.

Exhibit No. 6,—Letter, dated May 26, 1924, sent by Hon. James Murdock, M.P., to Mr. G. T. Clarkson, enclosing cheque for \$2,115.08.

Exhibit No. 7,—Home Bank of Canada Deposit Slip, dated July 3, 1923, for \$4,000.00, signed by James Murdock.

Exhibit No. 8,—Twenty cheques drawn on Home Bank of Canada by James Murdock, between June 15, 1923, and August 14, 1923.

In the course of his examination of Mr. G. T. Clarkson, Mr. Porter referred to the minutes of the Directors of the Home Bank of Canada, beginning at 10th August, 1923. Mr. Cannon protested that this was not relevant to the inquiry, and the Chairman ruled accordingly. A discussion followed. Mr. Porter then sought to submit said minutes of the Directors of the Home Bank of Canada, beginning at 10th August, 1923, as evidence, but was over-ruled by the Chairman.

Mr. Porter appealed from the rulings of the Chair.

A vote was taken and the Chairman's rulings were sustained on the following division:—

Yeas,—Messrs. Brown, Bureau, Cannon, Copp, Elliott (Waterloo), Ethier, German, Hammell, Jacobs, Johnston, Kelly, Kyte, Lapointe, Logan, McMaster, Morrison, Sexsmith, Vien.—18.

Nays,—Hanson, Porter, Ryckman, Stewart (Leeds).—4.

Mr. Clarkson's examination was concluded at 12.50 p.m. when he was discharged from further attendance.

Mr. J. F. M. Stewart, a director of the Home Bank of Canada, was called and sworn.

Mr. Porter commenced to examine Mr. Stewart.

The Committee adjourned at 1 p.m. until to-morrow, Thursday, 5th June, 1924, at 10.30 a.m.

MINUTES OF EVIDENCE

COMMITTEE ROOM 268,

HOUSE OF COMMONS,

WEDNESDAY May 28, 1924.

The Select Standing Committee on Privileges and Elections met at 10.30. Mr. Archambault, the Chairman presiding.

THE CHAIRMAN: Gentlemen, every member of this Committee, I am sure, realizes its importance. I venture to say that it is probably one of the most important Committees of the House, because it has under its charge the care of the privileges and traditions of Parliament. It is called upon to inquire into the action of a fellow-member, and the report we have to make on such occasions has an effect and bearing upon the political career and personal integrity and honour of the member. The member, therefore, is entitled, and has the right, to the most careful consideration of the members of the Committee. A man's character and reputation are his most valuable assets, and I am sure you will judge the case that comes before you in the most judicial manner. I may say that I was gratified with the sober and temperate tone in which Mr. Porter brought this matter before the House, and I hope that you will follow in his footsteps, and adhere strictly to the Order-of-Reference, and that the proceedings of this Committee will be entirely devoid of partisan feeling. I crave your co-operation and help in this somewhat difficult task which has devolved upon me, and which will be made much easier by your co-operation. I am sure that with that spirit we will arrive at a satisfactory conclusion which will respect the rights and privileges of the member involved, and at the same time maintain the high traditions of Parliament.

Gentlemen, the motion was made in the House on May 22nd, and I will read the Reference.

"Ordered,—That the following:—

"Mr. Porter, seconded by Mr. Guthrie, moved,—That E. Guss porter, member representing the Electoral riding of West Hastings, in this House, having declared from his seat in the House that he is credibly informed and that he believes he is able to establish by satisfactory evidence that:—

"The Honourable James Murdock, Minister of Labour, did withdraw from the Home Bank at its Ottawa Branch on the 15th day of August, 1923, two days before such bank's failure, thousands of dollars on deposit therein to his credit, using certain information he had received, as such Minister, of the likely immediate failure of said bank, and had received advantage and profit to himself to the extent of such withdrawals, contrary to his obligations as such Minister in derogation of his office and the honour, dignity and traditions of Parliament.

"be referred to the Select Standing Committee on Privileges and Elections of this House to inquire fully into the said allegations (with power to send for persons, papers and records, to examine witnesses under oath or affirmation;) and that the said Committee do report in full the evidence taken before them and all other procedure on the reference, and the result of their inquiries to this House for such action thereon as this House may determine."

Every one realizes that Mr. Murdock is very anxious that this enquiry proceed very speedily, and Mr. Porter also. I saw Mr. Porter on Friday night, and asked him for the names of the witnesses that he wished to be summoned. Mr. Porter was not ready at the time to give me the names because he was going away. I had, however, one name given to me by Mr. Porter on Monday night; but as this witness is Mr. Clarkson of Toronto, I thought it was too late to summon him for to-day. We might first decide upon the date on which we should start the enquiry proper and hear the evidence of witnesses. If the Clerk thinks he can subpoena Mr. Clarkson or some of the witnesses for Friday, I would suggest that we proceed with the hearing of evidence on Friday.

Hon. Mr. MACDONALD: He can subpoena him by telegram.

The CHAIRMAN: Would some one move that the enquiry be adjourned until Friday?

Mr. GERMAN: Why not say Wednesday of next week? Friday is pretty soon to get witnesses here, and to-morrow being a holiday some members may want to go away. Tuesday also is a holiday, practically, though the House is to sit in the evening. I should think that if we adjourned until Thursday of next week we would make as rapid progress as if we started on Friday.

Mr. PORTER: And then go right on.

Mr. GERMAN: Yes, go on to a finish. I move, Mr. Chairman, that when the Committee adjourns to-day it stands adjourned until Wednesday next.

Mr. PORTER: I second that.

Motion agreed to.

Mr. PORTER: Here, Mr. Chairman, is a list of witnesses I wish to call.

The CHAIRMAN: Mr. Porter has handed me a list of witnesses to be summoned for Wednesday. These witnesses are:—Mr. G. T. Clarkson of Toronto, who is asked to produce the books of the Home Bank, showing the account of the Hon. James Murdock, both current and savings, between 20th June and 20th August, 1923, and all cheques drawn upon same between said dates, and the minutes of the directors of the said Home Bank between said dates.

Mr. PORTER: I omitted to include the correspondence between Mr. Clarkson and the Minister.

The CHAIRMAN: You can easily add that.

Hon. Mr. MACDONALD: It is already before the House and can be produced.

The CHAIRMAN: The other witnesses which Mr. Porter desires to call are the Hon. Mr. Robb, Hon. G. P. Graham, Right Hon. W. L. Mackenzie King, the Hon. Mr. Low, Mr. R. P. Gough, Mr. J. F. M. Stewart and Mr. S. Casey Wood of Toronto. It is the pleasure of the Committee that the Clerk be ordered to summon those witnesses for Wednesday?

Hon. Mr. MACDONALD: Is it necessary to call a number of witnesses in regard to facts that are understood and admitted in the matter?

Mr. PORTER: I would very much prefer to have the witnesses.

Hon. Mr. MACDONALD: For instance, what purpose is there in calling Mr. Graham, Mr. Low, and other members of Council?

Mr. PORTER: They were all present at an interview.

Mr. VIEN: In Council or outside?

Mr. PORTER: Inside and outside.

Hon. Mr. MACDONALD: There is nothing which happened in council that you can ask about.

Mr. PORTER: They may not be willing to state what took place in Council, but I think they should be here.

Mr. GERMAN: I do not see the reason for calling witnesses to prove something that is admitted. I do not intend to object to Mr. Porter calling any witnesses he chooses to call, and I do not think the Committee should. But I really cannot see the necessity for calling witnesses to establish things that have already been admitted. Mr. Murdock had \$4,000, or thereabouts in the Home Bank, and shortly before the failure, he withdrew that money, I think on the 15th, a few days before the failure and deposited the money in another bank. I understand that that is all admitted; then why bring witnesses to establish it? It seems to me that it would be well for this Committee in the beginning to know really what we have to try.

Mr. PORTER: The charge is there.

Mr. GERMAN: Mr. Murdock is charged with a breach of his obligation as a Member of the Privy Council, and the oath he took is really the gist of this affair. I think it would be well to put in on the records of this Committee.

Mr. PORTER: I do not concede that it is the gist of it all.

Mr. GERMAN: Then I will not raise any objection, but I think it would be well to put on the records of this Committee at the start what the oath of the Privy Council is. I am free to say that I fail to find within the four corners of this obligation anything at all that would prevent Mr. Murdock, even if he knew from any source that the Home Bank was about to fail, from withdrawing his money. What is the obligation that he takes as a Privy Councillor?

Mr. RYCKMAN: It is not based on the oath at all.

Mr. GERMAN: Yes.

Mr. RYCKMAN: No.

Mr. GERMAN: Just read what the Order-of-Reference says.

The CLERK: (Reads).

"The Honourable James Murdock, Minister of Labour, did withdraw from the Home Bank at its Ottawa Branch on the 15th day of August, 1923, two days before such bank's failure, thousands of dollars on deposit therein to his credit, using certain information he had received, as such Minister, of the likely immediate failure of said bank, and had received advantage and profit to himself to the extent of such withdrawals, contrary to his obligations as such Minister in derogation of his office and the honour, dignity and traditions of Parliament."

Mr. GERMAN: What does that mean but that he acted contrary to his oath of office?

Mr. PORTER: There is a great deal more than the oath of office.

Mr. GERMAN: That may be, but the oath of office is that he swears he will act diligently in the conduct of affairs of his office as Minister of Labour. That is actually the oath of office, and this is the oath which he took as a Privy Councillor. With the permission of the Chairman and the Members of this Committee I desire to put this oath on the records of the Committee.

(Reads).

"You do solemnly promise and swear that you will serve His Majesty truly and faithfully in the Place of His Council in this His Majesty's Dominion of Canada, you will keep close and secret all such matters as shall be treated, debated and resolved on in Privy Council, without publishing or disclosing the same or any part thereof, by Word, Writing, or any otherwise to any Person out of

the same Council, but to such only as be of the Council, and yet if any matter so propounded, treated and debated in any such Privy Council, shall touch any particular Person, sworn of the same Council upon any such matter as shall in any wise concern his Loyalty and Fidelity to the King's Majesty, you will in no wise open the same to him, but keep it secret, as you would from any person, until the King's Majesty's pleasure be known in that behalf. You will in all things to be moved, treated and debated in any such Privy Council, faithfully, honestly and truly declare your mind and opinion to the honour and benefit of the King's Majesty, and the good of His Subjects without partiality or exception of persons, in no wise forbearing so to do from any manner of respect, favour, love, meed, displeasure, or dread of any Person or Persons whatsoever. In general you will be vigilant, diligent and circumspect in all your doings touching the King's Majesty's affairs; All which Matters and Things you will faithfully observe and keep, as a good Councillor ought to do to the utmost of your power, will and discretion.

So Help you God."

Now, supposing that Mr. Murdock did get information even in Council that the Home Bank was going to fail, what is there within the four corners of that obligation that would prevent him from going to the Bank and withdrawing the money?

Mr. PORTER: I have no objection of that going in at the present time.

Mr. GERMAN: I was under a misapprehension, and I venture to say the people of this country are under a misapprehension as to what the obligations of a Privy Councillor are. There were statements made in the House that there was something in the oath which would make it absolutely wrong, almost a criminal offence, for a Minister of the Crown to use any information which he had received, in the Privy Council and by which he could gain advantage to himself. There is nothing of the kind. I doubt if any man, no matter how he got the information, having money in the Home Bank and having received that information, would not go and get it out. I cannot see anything within the four corners of that obligation which would prevent Mr. Murdock from getting that money.

Mr. VIEN: I beg to strongly support Mr. German's view in respect to this matter. The facts on which the charge made in the House of Commons was based are absolutely known. Now, before we go further with this investigation, we have a right to know what are the principles which have been violated by the acts that have been clearly shown to the House and that are admitted. Therefore, I think that before we proceed to summon witnesses, we should know what is the charge, what we are going to prove and why we are bringing those witnesses here, just as much as in a court of law any party is entitled to get that information. Before you proceed in a court of law, you must state in a clear way what is your contention; and I would like to know before we proceed to summon witnesses what is the legislation, what are the regulations which have been violated by the acts that have been admitted.

The CHAIRMAN: The order-of-reference is clearly stated, and under that Order it has been the practice in former Committees of this kind that any member of the Committee who wished to summon witnesses had to give notice to the Chairman that in his opinion the evidence to be obtained by such witnesses was material and important in the investigation of the matter before the Committee for inquiry. On that request being made, the practice has been for the Chairman to ask the Committee if it was the pleasure of the Committee to accede to the wish of the member who made the request to summon witnesses. Under these circumstances, Mr. Porter having requested

the Chairman to summon certain witnesses, and having stated over his signature that in his opinion the evidence to be obtained from those witnesses is material and important in the investigation of the matter before the Committee for inquiry, the only thing I have to do is to ask if it is the Committee's pleasure that the Clerk be ordered to summon those witnesses.

Mr. VIEN: I will move that those witnesses be not now summoned until the charge which they are being brought to establish is more clearly defined.

Hon. Mr. MACDONALD: In order to avoid motions of that kind, for I am it is the desire of the Committee to avoid them as much as possible, I would suggest that in view of the statement made by Mr. German, Mr. Porter should indicate to the Committee what he expects to prove. We are in the position of judges hearing a complaint, and in that case the counsel for the plaintiff outlines what the case is.

Mr. PORTER: I made a statement to the House before the resolution was prepared; I made a full statement, and I cannot alter it.

Hon. Mr. MACDONALD: The point taken by Mr. German is that the charge that Mr. Murdock did something contrary to his obligation as a member of the Privy Council is not borne out by the terms of his oath, which Mr. German read. What have you to say in answer to that?

Mr. PORTER: I have no objection to that being put in as a defense if Mr. German desires to do so, but I say that my case does not rest on that.

Hon. Mr. MACDONALD: On what does it rest?

Mr. PORTER: It rests upon his conduct as a Minister, not upon his oath.

Hon. Mr. MACDONALD: His conduct in what way?

The CHAIRMAN: I do not think that this is a matter which calls for argument.

Hon. Mr. MACDONALD: I am not arguing, but I think it is only reasonable to ask Mr. Porter to put more definitely the grounds on which he makes the charge in view of the point raised by Mr. German.

Mr. PORTER: I cannot more clearly define it than I did in the House. Now, we are proceeding to hear the evidence upon that statement, that is all.

The CHAIRMAN: There is a motion before the Chair to have those witnesses summoned, and there is an amendment proposed by Mr. Vien. Now, I should think that when the witnesses come here, if their evidence is not relevant to the order-of-reference, that would be the time to object. The Committee can rest assured that I will not allow anything to be proved, or any evidence to be given, that is outside the reference proper. As I stated before, it seems to me that Mr. Porter having signed a request to summon certain witnesses, I can do nothing else but put the question. I understand there is an amendment by Mr. Vien.

Mr. VIEN: There has been no seconder.

Mr. HAMMELL: Has Mr. Porter any objection to telling us what he expects to prove from the evidence of Mr. Gough and Mr. Stewart?

Mr. PORTER: That will all be disclosed.

Mr. HAMMELL: I can understand the reason for calling Mr. Clarkson, but I am not clear as to what he expects to prove from Mr. Gough or Mr. Stewart.

Mr. PORTER: They were directors of the Home Bank and they paid a visit to Montreal, then to the Premier and also to the Government. I cannot tell what their evidence will be in detail. I know generally, but they are most important witnesses.

The CHAIRMAN: I do not think that Mr. Porter should be called upon to outline his evidence.

Hon. Mr. MACDONALD: I speak from long experience before the Committee, and it is true that any hon. member can request what has been requested here; but the Committee has always reserved its right to decide whether certain witnesses should be called, and the Committee has always exercised its powers to restrain the calling of unnecessary witnesses.

Mr. McMASTER: In my opinion the Committee would ill serve themselves as judges and ill serve the Minister, whose conduct in public office is before us, if we hampered in any way any member of the Committee who on his responsibility as a member of this Committee and of the House asked for the production of certain witnesses and papers.

Hon. Mr. MACDONALD: There is no desire to do that. It is perfectly reasonable to ask the member who makes the charges on what grounds he makes them.

Hon. Mr. LAPOINTE: I do not think that any one desires to prevent witnesses from coming if they are asked for by Mr. Porter. So far as I am concerned, I am disposed to vote that the greatest latitude be given. Still, it is reasonable to ask the purpose of calling those witnesses.

Mr. PORTER: I am entirely in the hands of the Committee.

Hon. Mr. LAPOINTE: If Mr. Porter does not tell us, we will have to go on without the information.

Mr. SEXSMITH: Is the Committee satisfied that they know what the charge is?

The CHAIRMAN: The charge is contained in the order-of-reference and all the authorities on inquiries before the Privileges and Elections Committee are of the opinion, and unanimously of the opinion, that we must stick to the order-of-reference. No evidence shall be brought outside the scope of the order-of-reference. Now, the Order-of-reference has been read and printed it is easy to understand. If in my opinion, evidence is brought that is outside the scope of the reference, you may rest assured that I will not allow such evidence.

Mr. PORTER: I am quite willing to undertake that I will offer no evidence that is not in accordance with the order-of-reference.

Hon. Mr. MACDONALD: The only thing is, there is no use in calling witnesses to prove admitted facts.

The CHAIRMAN: I may say that there is nothing admitted before the Committee yet.

Hon. Mr. MACDONALD: The Committee must exercise discretion in regard to these matters. I have been on committees for the last 20 years, and the practice has been that when a member makes a charge, he defines what the charge is. I am merely suggesting that Mr. German's point is not an unreasonable one. However, if Mr. Porter declines to answer it, there is no objection to calling the witnesses.

Mr. PORTER: I am not declining anything. I simply ask the Committee to hear the evidence that I shall produce on the charge I have made; that is all.

The CHAIRMAN: In the last inquiry of this kind in 1911, when an inquiry was made into the actions of Mr. Lanctot, who was then member for Richelieu—I have here the minutes of the proceedings, and I see that the order-of-reference was read and a motion was made to summon witnesses. It does not appear on the minutes of proceedings that Mr. Blondin, who had made the motion in the House made any statement as to the accusation, or any other statement than the one he had made in the House, from which was drafted the order-of-reference.

Hon. Mr. LAPOINTE: That was a mere question of facts, and the facts had been denied by the member for Richelieu. Here there are only two real facts; one that Mr. Murdock withdrew some money from the Home Bank on a certain date, which is not denied, so that it seems useless to bring witnesses to establish that. The second is that in doing so he used information which he had obtained in Council. Surely Mr. Gough and Mr. Stewart cannot establish that. That is all that has been suggested, but if Mr. Porter desires to have all those witnesses, there is no objection.

The CHAIRMAN: You realize my position. I am just following the ordinary procedure. When a request is made and signed, the Chairman can do nothing else but ask the Committee if it is its pleasure to have these witnesses summoned. Is it the pleasure of the Committee that the motion carry?

Motion agreed to.

The Committee adjourned until Wednesday, the 4th June at 10.30 a.m.

COMMITTEE ROOM 268,

HOUSE OF COMMONS,

WEDNESDAY, June 4, 1924.

The Select Standing Committee on Privileges and Elections met at 10.30 a.m., Mr. Archambault, the Chairman, presiding.

The CHAIRMAN: Gentlemen, there is first the question of having the proceedings and evidence printed from day to day for the use of members of the Committee. Will some one make a motion, as we have to get the permission of the House.

Mr. PORTER: I will move that, Mr. Chairman.

The CHAIRMAN: Mr. Porter moves that we ask leave of the House to print the proceedings and evidence from day to day and that rule 74 in reference thereto be suspended.

Motion agreed to.

The CHAIRMAN: There is also the question of a quorum. There is no fixed quorum for this Committee, but according to the practice, when there is no fixed quorum, it is a majority of the committee. The number of members of this Committee is 27, and therefore the quorum is 14. It might be advisable to ask permission of the House to fix a smaller quorum, if it is the wish of the Committee because we lose time practically every day we sit. I am in the hands of the Committee.

Mr. GERMAN: I move that the quorum be seven.

The CHAIRMAN: Mr. German moves that the quorum be reduced to seven and that the necessary permission of the House be asked.

Motion agreed to.

Mr. PORTER: I propose to call Mr. G. T. Clarkson as the first witness, and then I intend to call the three late directors of the Home Bank. I mention this for the convenience of the Ministers present who may not wish to sit here until they are called.

The CHAIRMAN: Is it the pleasure of the Committee that Mr. Clarkson be heard?

Carried.

Hon. Mr. LAPOINTE: May I ask Mr. Porter if he has any objection to saying when he intends to hear the evidence of the Ministers who have been assigned to appear before the Committee; they are all very busy.

Mr. PORTER: I have just mentioned that, Mr. Lapointe. I intend to call Mr. Clarkson first, and then the three late directors of the Home Bank, then I will take up the Ministers. I doubt if they will be needed to-day.

Hon. Mr. LAPOINTE: Perhaps they could go now and come back again?

Mr. PORTER: Surely. I do not see any use of them sitting here unless they choose to do so.

G. T. CLARKSON called and sworn.

By Mr. Porter:

Q. You are the official trustee and liquidator of the Home Bank?—A. I am co-liquidator of the Home Bank of Canada.

Q. Appointed at what time?—A. December 14th, 1923.

Q. When did the Home Bank assign?—A. The Home Bank suspended payment on August 17th, 1923, and an order was made in respect of its liquidation on October 8th, 1923.

Q. As liquidator you are the custodian of the books and papers of the Bank?—A. They are in my possession, in the Bank's possession.

Q. Can you tell me generally what number of depositors and shareholders have suffered from the failure of the Bank?—A. I cannot tell you definitely. The depositors have been quoted as numbering about 80,000 and the shareholders amounted to between 1,600 and 1,800; I did not charge my memory with it.

Q. I believe there has been a first payment, or partial payment made to the depositors?—A. There has been a dividend paid of 25 per cent. We have paid that dividend on \$2,500,000. We got certain of the Provincial Governments to suspend payment of their claims to the extent of \$1,250,000; since we have paid about \$1,300,000.

Q. I need scarcely ask you, but in a general way, the failure is a very bad one?—A. The failure will be a bad one, yes.

Q. It is doubtful, I suppose, if anything further, or much more, will be paid than you have already advanced?—A. I cannot say that. There are of course, many contingencies that one cannot determine or say how they are going to work out. Under the very worst conditions, no further dividend can be paid; under normal conditions, I anticipate 10 per cent will be paid at the end of about three months.

The CHAIRMAN: I do not want to limit you in your examination, Mr. Porter, but the order-of-reference refers to two facts. The first is that on the 15th day of August, 1923, Mr. Murdock withdrew from the Home Bank several thousands of dollars, and the second fact is that he used certain information he had received as a Minister of the failure of Bank in order to withdraw this money, and received profit to himself to the extent of such withdrawal. I do not want to interfere with your examination, at the same time I do not think it is proper to review the whole situation of the Home Bank.

Mr. PORTER: I will keep that always in view; I shall try not to transgress.

The CHAIRMAN: I hope you will stick to these two facts.

By Mr. Porter:

Q. Have you the books of the bank, the ledger showing the account of the Hon. James Murdock in the Ottawa branch?—A. It is a loose-leaf ledger, and I have here the leaf covering his account.

Q. I asked you to produce the account between certain dates?—A. I have it here; from February 1923, I think you asked till June.

Q. On July 3rd, 1923, what was the balance to the credit of the depositor?—A. \$4,851.11.

Q. Was there a deposit made on that date?—A. Yes, there was a deposit of \$4,000 made on that date.

By the Chairman:

Q. What date was that?—A. July 3rd, 1923.

By Mr. Porter:

Q. Is this (referring to document produced) a current or savings account?—A. Savings account.

Q. And that amount remained with the balance to credit of \$4,000 or more until what date?—A. Until July 28th, 1923, when the credit went down to \$3,988.01.

Q. Was that subsequently increased before the 15th of August?—A. Yes, there was a deposit on July 31st, of \$833.33, which raised the deposit to the credit of \$4,801.19.

Q. And on the 15th August, 1923, the credit was how much?—A. \$100.24.

Q. Was there any withdrawal made from that account?—A. There was a withdrawal of \$4,050.

Q. Leaving a balance of how much?—A. The balance at the close of the day was \$100.24.

By Mr. McMaster:

Q. Did you speak about a deposit at the same time?

Mr. HANSON: A withdrawal.

WITNESS: A withdrawal.

Mr. PORTER: He spoke of a deposit before the 15th of \$833.33.

WITNESS: On the 31st of July there was a deposit of \$833.33.

By Mr. Porter:

Q. Bringing the balance up to?—A. \$4,801.19. Then on August 15th there was a withdrawal of \$4,050, and at the end of the day there was a credit of \$100.24.

Q. Were any withdrawals made after the 15th and before the 18th?—A. There was a cheque of \$20.00 paid on the 17th August.

Q. No further withdrawals?—A. That is a withdrawal, Mr. Porter; but outside of that, no.

Q. And there was to the credit of that account on the date of the failure of the Bank on the 17th—A. There was \$80.24. Then subsequent to that, we had a calculation of interest made, and it gave a further credit for interest of \$10.65, leaving a balance of \$90.89 as at the date of the suspension.

Q. I do not quite understand, Mr. Clarkson; you said that on the 15th of August there was to credit \$4,800.—A. No, on the 11th there was to credit \$4,154; then after this cheque of \$4,050 on the 15th, that left \$100.24.

Q. Then I see an item in the account on May 27th, 1924; that will be in the following year?—A. That is the refund of the Minister.

Q. Was that the date, May 27th?—A. That is a combined entry. Repayment was made in this way—

Q. Was that money, or the equivalent of that money or any part of it, refunded to the bank or to you as liquidator?—A. The whole equivalent was refunded.

Q. When did you first discover or become aware as liquidator of the condition of this account, deposits and withdrawals, up to the 17th?—A. Of this particular account?

[Mr. G. T. Clarkson.]

Q. Yes.—A. My attention was first drawn to it by a notice in a newspaper article to the effect that there had been a withdrawal by a Minister in Ottawa.

Q. Do you recollect what paper?—A. I do not, sir.

Q. Do you recollect the date?—A. It must have been about two months ago.

Q. And then you examined into the account?—A. I took it up in the normal course, when I was going through all the branches to determine the question of withdrawals that had taken place just prior to the suspension, and when the Ottawa branch came before me, in view of what had been said of this withdrawal, I wrote to Mr. Murdock with respect to it.

Q. After getting the facts from the books and all the information you could get?—A. The facts in the books merely indicated the withdrawal of \$4,050 on the 15th August. But coupled with that was the newspaper statement and general statements emanating from different sources that money had been withdrawn just prior to the suspension.

Q. Did you get any information with regard to the withdrawal from any officials of the Home Bank at Ottawa?—A. I got first general statements. Later, and after I had communicated with Mr. Murdock, or very recently, I was able to get the manager of the Ottawa Branch and got more definite statements from him.

Q. In consequence of your investigation and the information you got, you say you wrote a letter to the Hon. James Murdock?—A. Put it this way, Mr. Porter; in consequence of the withdrawal on the 15th, and the general statements that had been made just upon the head of the suspension, I was placed in the position, as liquidator, where it was necessary for me to bring a counter claim up any way.

Q. Why do you say that; that as liquidator it was necessary for you to bring this up?—A. Because the suggestion was that money had been drawn out of the bank with possible knowledge of insolvency. Whether that was the case or not, of course I do not know.

Q. What difference did that make?—A. Nothing, except that it put me on notice.

Q. I mean to say, if the money had been so withdrawn?—A. With knowledge?

Q. Yes.—A. Then I think we are entitled legally to recover it.

Q. Money taken from deposit?

By the Chairman:

Q. On what ground?—A. My understanding of the law is that if money is drawn from a bank just prior to its failure or suspension with knowledge that it was about to fail, then the liquidator or the creditors are entitled to a refund of that money. If the money is drawn from the bank without knowledge of its condition, they are not entitled to recover.

By Mr. German:

Q. For how long a period?—A. I think it is sixty days or thirty days. It is practically the same rule as in bankruptcy.

By Mr. Porter:

Q. Were you so advised by the solicitor of the liquidator? I suppose you have a solicitor who advises you?—A. Yes, but I have my own knowledge from practice.

Mr. JACOBS: I fancy you advised the solicitor on this occasion?

WITNESS: I do not say that, but I have been liquidator of three banks and I knew that if money was drawn out just prior to suspension with know-

[Mr. G. T. Clarkson.]

ledge that the bank was about to fail, the liquidator can recover; and it is his duty to take action to recover. The point in this case was that the newspaper articles and the general statements conveyed to me—and I was put on notice of the situation, and my duty was either to ask the return of the money if it had been taken that way, or as an alternative, bring the matter before the court to determine whether or not there had been knowledge.

By Mr. Elliott (Waterloo):

Q. In the case of deposits made just within two or three days of the failure of a bank, would you consider it your duty to return those deposits to the depositors?—A. That is a question I would prefer not to answer as there is litigation pending on that subject. But I understand that the law is—there are some cases which hold that if the directors of a bank knew at the time they were accepting deposits that the bank could not continue and must fail, there is a question whether the depositors are not entitled to get back their money. We are bringing up that case at this moment.

Mr. PORTER: May I have the privilege of examining the witnesses so as to get the story in regular order and not break the continuity of it. Will the members be good enough to cross-examine the witnesses after I have completed my examination-in-chief?

The CHAIRMAN: Yes, I think Mr. Porter should be allowed to examine the witnesses, and then they may be cross-examined by the members.

By Mr. Porter:

Q. Mr. Clarkson, have you the letter, or copy of it, which you wrote to the Hon. Minister?—A. I produce the correspondence; copies of my letters to the Minister and the originals of the Minister's letters to me.

Q. I suppose, Mr. Clarkson, you have seen the letter that was read by the Hon. Minister in the House, and published in the newspapers? Have you a copy of that?—A. There is a copy of it there.

The CHAIRMAN: Will you have the exhibits marked?

Mr. GERMAN: Are you putting in the balance sheet, Mr. Porter?

Mr. PORTER: I have not come to that, but I think I will.

The CHAIRMAN: Will you mark the account Exhibit No. 1? That was the first exhibit that was filed.

Mr. PORTER: I have not filed anything yet. I want to get them in order.

The WITNESS: That is an original, and if it is filed I would like it to be made available for my purpose.

Mr. PORTER: There would be no objection to that. You could file a certified copy.

The WITNESS: I have no objection to doing that.

The CHAIRMAN: Then you may send a certified copy.

Mr. PORTER: In the meantime we will mark this "Exhibit No. 1." Document filed as Exhibit No. 1.

By Mr. Porter:

Q. I have noticed, Mr. Clarkson, between the date of the withdrawal of \$4,050, and this letter to the Hon. James Murdock which is dated the 7th of May, that a period of about nine months had elapsed?—A. That is correct.

Mr. McMASTER: Will you repeat that question, Mr. Porter? It is very hard to hear back here.

Mr. PORTER: My question, Mr. McMaster, was "I have noticed between the date of the withdrawal of \$4,050 and this letter to the Hon. James Murdock which is dated the 7th of May, that a period of nine months had elapsed?"

The WITNESS: That is correct.

The CHAIRMAN: Is that letter filed, Mr. Porter?

Mr. PORTER: Yes, I will put it in.

The CHAIRMAN: You had better file these as soon as you refer to them.—

Document filed as Exhibit No. 2.

The CHAIRMAN: That is a copy of the letter?

Mr. HANSON: If that technical point is insisted upon, we had better give notice to have the original produced.

By Mr. Porter:

Q. That is a duplicate original, is it not?—A. That is my copy out of the files of the bank. It is a duplicate.

By the Chairman:

Q. It is a true copy of a letter sent to Mr. Murdock?—A. It is a duplicate, sir; the carbon copy underneath the original.

Mr. ETHIER: I think it is not certified by Mr. Clarkson—

The CHAIRMAN: As long as he has sworn it is a copy, I think that is sufficient.

Mr. PORTER: Or if the Hon. Minister will hand me the original I will be pleased to file that.

The CHAIRMAN: There can be no doubt about its being a copy, as long as Mr. Clarkson swears it is a carbon copy of the letter. That should be sufficient.

The WITNESS: That is an original duplicate.

Mr. PORTER: I read this letter to you, Mr. Clarkson.

"May 7th, 1924.

"Hon. James Murdock,
Minister of Labour,
Ottawa, Ontario.

Dear Mr. Murdock,—The statement has been made to Mr. Weldon and myself, as liquidators of the Home Bank of Canada, that withdrawals of funds from the Home Bank of Canada were made just prior to the suspension of the bank, and in some cases after its suspension, by various persons who received knowledge or an intimation of its affairs. The matter has come to the Creditors' Committee and counsel for the bank, who inform us that it is our duty, as I believe it is, to take steps to have these withdrawals returned. We have already in a number of cases dealt with the matter and received substantial returns. In going over the report we notice the withdrawal by you from the Ottawa Branch of some \$4,000, and the statement made to us is that this money was withdrawn after banking hours. The contention is that you received a preference, which the Statute would not allow if the facts as stated to us are correct. Under these circumstances I have felt that I should write to you about the matter and ask whether you are prepared to return the money and rank as a creditor against the estate, receiving a 25 per cent dividend which has already been paid in the connection. I shall appreciate if you will be kind enough to let me hear from you as to whether you are willing to do so or not, or whether, on the contrary, you would prefer to have the matter brought before the Referee for adjudication."

[Mr. G. T. Clarkson.]

Q. That is your letter?—A. That is my letter.

Q. You say in that letter that, "the statement has been made to Mr. Weldon and myself?"—A. That is right.

Q. In regard to this matter?—A. That is right.

Q. The statement made by whom?—A. More of a general statement in that particular case; gathered generally; just from whom I cannot tell you; I cannot recollect. The statement was definitely made to me that the money had been drawn, but what official of the bank made it, I do not know.

The CHAIRMAN: This is only hearsay evidence, Mr. Porter.

Mr. PORTER: I do not intend to pursue that. I am not asking what was said at all.

By Mr. Porter:

Q. Did you get any information of that character from the officials of the Home Bank at Ottawa?—A. Not until after that letter was written—after settlement was made.

Q. Then what knowledge had you when you wrote this letter that the money had been withdrawn after banking hours?—A. I say, "the statement is made to me;" that was so. The statement was made to me by some officer of the bank that it was after office hours.

The CHAIRMAN: Mr. Porter, I do not want to limit you, but this is hearsay evidence. There is only one fact to be proven before this Committee if you want to make your case, and that is that the money was withdrawn. Whether the money was withdrawn before hours or after hours makes no difference—

Mr. PORTER: I would think it would make a very material difference.

The CHAIRMAN: It makes no difference because the reference is to the effect that money was withdrawn before the failure of the bank on the 15th day of August, 1923. That is the only thing we have to look for.

Mr. PORTER: The time of withdrawal would be a very material consideration for the Committee to consider.

Mr. HANSON: I think it would be very vital. It shows the intent.

The WITNESS: Mr. Porter, the Manager of the Bank informed me yesterday that the withdrawal was not made after banking hours; it was made in banking hours, and the previous statements made to me were incorrect to that extent.

By Mr. Porter:

Q. Is this the usual form of letter that is written preceding your taking action in the courts?—A. We always write a letter somewhat along that line inviting them to return this money, or have the case taken before the courts.

Q. This letter then was the foundation for your proceeding at law, if you were obliged to do so?—A. Had Mr. Murdock refused to return the money I would have felt compelled to have brought the matter before the Referee.

Q. Had you any communication of any description with the Hon. Mr. Murdock in regard to this withdrawal prior to his letter of the 14th of May, 1924?—A. I have no communication at all outside of what is contained in these letters.

Q. Either verbal, or otherwise?—A. Either verbal or otherwise, and an acknowledgment, which I see is not here of a payment which he made,—the last payment which he made.

Q. Is this the original letter of the Hon. James Murdock which was received by you?—A. Yes.

The CHAIRMAN: What date is that, Mr. Porter?

Mr. PORTER: It is dated at Ottawa, May 14th, 1924.

The CHAIRMAN: File this as Exhibit No. 3.

Document filed as Exhibit No. 3.

Mr. PORTER: I will read this letter to you, Mr. Clarkson:

"OTTAWA, May 14th, 1924.

"Dear Mr. CLARKSON:

I have your letter of the 7th instant, relative to my withdrawal of moneys from the Home Bank of Canada. On August 15th last I withdrew from the Home Bank, Ottawa Branch, \$4,050.00 and made this withdrawal in the ordinary course of business. In view, however, of what is set forth in your letter and what has been disclosed in connection with the bank's transactions in recent weeks, I propose to return the money which I then drew out. I may say that I do not think I am under any legal obligation to do so but no depositor of the Home Bank will suffer through any act of mine, and especially so in my position as Minister of the Crown. I enclose to-day my cheque for \$1,050.00 and hope within a few days more to send you the balance, namely \$3,000.00. If, however, I am entitled to the benefit of the 25 per cent dividend already paid to depositors, I would understand that I should only have to pay \$2,000.00 more. I might add that although I had already a balance of \$80.24 or so there, and had filed my claim, I received no dividends on that.

Yours truly,

(Sgd.) JAMES MURDOCK."

The WITNESS: That is probably because the question of the withdrawals had arisen, and it is our policy not to pay dividends where there has been double liability, or liability, or a disputed account. Aside from that all dividends have been paid, wherever applied for.

By Mr. Porter:

Q. Then would I be right in saying that on the first demand made by you on the Hon. James Murdock for a return of the money, he made a partial return of the money?—A. He did, sir. That letter speaks for itself.

Q. And is that partial return which is mentioned in this letter one of the items of the return account, of which you spoke, in Exhibit No. 1?—A. It is included in that, yes.

Q. Will you be good enough to tell me what item or items constitute the balance of that return?—A. I think you have a statement in the last letter there—the last carbon copy.

Q. Did you follow up in any way the evidence that was given before the Hon. Mr. Justice McKeown, in the investigation ordered by Parliament into the Home Bank affair?—A. I have to a limited extent, and in some particulars, but not wholly.

Q. Are you aware that on the same date the \$1,050 was remitted to you, the question of this account came up before the Commissioner?—A. The question of this account came up before the Commissioner?

Q. Yes, on the withdrawal of this money?—A. No sir, I did not notice that. I have the evidence, but I have not read it completely.

Q. Then on the 16th of May, 1924, you wrote the Hon. James Murdock enclosing a statement of his account, as you had it made up?—A. I did, yes.

Q. I see the statement is dated the 20th of May, 1924, and your letter enclosing it is dated May 16th, 1924—A. I do not understand the difference in the dates.

Q. Well, presumably the letter was written and the account was made up to accompany it?—A. The letter was written, and I sent the account to the Home Bank to be made up.

[Mr. G. T. Clarkson.]

Mr. PORTER: I am putting in a letter, Mr. Chairman, dated the 16th of May, 1924, and the account attached to it, or accompanying it, or enclosed with it, dated May 20th, 1924—

The WITNESS: I can understand that now. That is the delay which took place in getting the account made up at the bank.

The CHAIRMAN: Better make two Exhibits out of that. No. 4 is the letter, and No. 5 the account.

Mr. PORTER: They are really one thing—the account was enclosed with the letter.

The CHAIRMAN: The letter was written the day before.

Mr. PORTER: The letter was written so the witness said, and he enclosed with it that account.

The WITNESS: What actually happened was that I wrote the letter and sent it to the bank and asked them to make up the account.

Mr. PORTER: We can call these Exhibits 4 and 5.

Document filed as Exhibit No. 4.

Document filed as Exhibit No. 5.

By Mr. Porter:

Q. Then the account, Mr. Clarkson, shows a balance at that time due from the Hon. Mr. Murdock of how much?—A. On May 16th it shows a balance of \$3,000, excluding interest. Then we gave him a credit for \$1,035.23, being 25 per cent of \$4,140.94. That left a balance of \$1,964.78. The interest on that was \$150.30, which left him owing \$2,115.08.

Q. Has the balance been returned to you as Liquidator?—A. Yes sir, with that letter which you have in your hand.

Mr. PORTER: I file a letter dated May 26th, 1924.

Document filed as Exhibit No. 6.

Mr. PORTER: This letter reads:

“ May 26th, 1924.

Dear Mr. CLARKSON:

Acknowledging your letter of May 16th and your memo of May 20th *re* the amount which you compute is still due to you as Liquidator in connection with my withdrawals from the Home Bank on August 15th, 1923. I send you herewith cheque for \$2,115.08.”

Q. That letter then, returning the balance to you would be after the matter had been disclosed in the House?—A. Returning the balance?

Q. Yes?—A. I don't know, sir. The dates will speak for themselves.

Q. That is the last communication, either verbal or otherwise, between yourself and the Hon. Minister?—A. There should be an acknowledgment of that cheque which would be merely formal. Outside of that I have no other communication.

Mr. GERMAN: Mr. Porter, did you read all the contents of that last letter to Mr. Murdock?

Mr. PORTER: I think so, excepting “ Yours truly.”

Mr. GERMAN: I don't care anything about “ Yours truly ”; but you looked at the letter so long I thought may be there was something else.

Mr. PORTER: No. “ I send you herewith cheque for \$2,115.08—”. I read it all.

[Mr. G. T. Clarkson.]

By Mr. Porter:

Q. As Liquidator are you in possession of the records of the Home Bank—of its Directors' meetings?—A. I am.

Q. Would you turn up the minutes of the Directors' meetings beginning the 10th of August?

The CHAIRMAN: Before that question is put I would like to ask one question.

By the Chairman:

Q. I understood you to mention, Mr. Clarkson, that you sent a letter of acknowledgment to Mr. Murdock?—A. Yes sir, but I see it is not in here. I will send you a copy of it.

The CHAIRMAN: Then will you be good enough to file this letter?

Mr. HANSON: If you want to make the record complete perhaps Mr. Murdock would produce the original.

Mr. VIEN: I would like the question to be read again.

The CHAIRMAN: I do not think there is any question before the witness.

Mr. VIEN: I am asking, Mr. Chairman, to have the reporter read the question.

The CHAIRMAN: That may be done.

(Whereupon the reporter read the following question:

“Q. As Liquidator are you in possession of the records of the Home Bank—of its Directors' meetings?—A. I am.

Q. Would you turn up the minutes of the Directors' meetings beginning the 10th of August?”).

Hon. Mr. BUREAU: “Beginning the 10th of August?”

Mr. PORTER: Yes.

Mr. CANNON: While Mr. Clarkson is looking for the document, Mr. Porter, will you tell us the idea and purpose of the question? I do not see how any action taken by the Directors will have any relevancy to an investigation of what Mr. Murdock might have done or not done.

By Mr. Porter:

Q. Have you the minutes, Mr. Clarkson?

Mr. VIEN: Mr. Chairman, I rise to a point of order—

The CHAIRMAN: I understand this is simply a preliminary question. There is nothing in the question yet. He is asking the Liquidator if he has the minutes of the Directors as to certain dates—beginning the 10th of August. Until another question is put, I do not think that the Chair should disallow this question.

Mr. CANNON: Then we will make our objection after the next question.

By Mr. Porter:

Q. Have you the minutes before you?—A. I have, sir.

Q. In the minutes of the meeting is there a report made by Sir Thomas White to the bank directors?

Mr. CANNON: I make the objection now.

The CHAIRMAN: What is the object of your question, Mr. Porter?

Mr. CANNON: Unless Mr. Porter shows that this is evidence in connection with the object of this investigation, I do not think the question is relevant.

[Mr. G. T. Clarkson.]

Mr. PORTER: I made it a point of my statement in the House that the knowledge of the conditions of the Home Bank, preceding the actual assignment of the Bank by a considerable time was one of the facts or allegations that I feel I am bound to prove.

M. GERMAN: Mr. Chairman, I think it would be quite clear that if Mr. Porter showed that Mr. Murdock had knowledge of this meeting of directors and of what took place there, the evidence would be all right. Unless he is prepared to bring the result of that meeting to the knowledge of Mr. Murdock, it has no reason to be here.

The CHAIRMAN: That is one reason, and besides that there is another reason. All the authorities on inquiries of this kind are of the same opinion, that he must stick to the reference absolutely, that no facts outside the order of reference can be proved. I understand that you made the statement in the House, Mr. Porter, but we are not inquiring into the statement you made in the House.

Mr. PORTER: There is such a thing as circumstantial evidence, and if I am precluded from giving the circumstances in connection with this case, I am deprived of a good deal of my powder, if I may put it that way.

The CHAIRMAN: That is not my intention.

Mr. PORTER: I say it is a circumstance that is very material in determining the issue here.

The CHAIRMAN: You have not convinced me yet, Mr. Porter, that it is important. The order of reference mentions two facts. I may repeat again that on the 15th day of August, two days before the Bank's failure, Mr. James Murdock withdrew certain sums of money from the Bank. This is one fact. The other is that he withdrew that money using certain information that he received as a Minister of the Crown. Those are the two facts now before this committee, and we must stick to those two facts. I do not see what Sir Thomas White may have said at a meeting of directors—I do not see what bearing this might have on the question.

Mr. PORTER: I submit the evidence; I think it is very vital and very important, the circumstance that the bank was in a condition where its failure might well be expected, for some days before the failure actually took place.

The CHAIRMAN: It has no bearing on the first fact that we have before us. The first fact is that Mr. Murdock withdrew some money. It has no bearing on that fact.

Mr. PORTER: It has a very vital bearing, it seems to me. Why would he withdraw the money, under ordinary circumstances? That is one question. It had remained there from the 1st of July until the 15th of August, and suddenly he withdraws it. What is the reason? Because the Bank was insolvent, and then I propose to follow that up by showing that he got knowledge—

Mr. HANSON: This must be taken step by step. I submit it is part of the *res gestae*, and it must be taken step by step, and that one step leads to another, leading to the question of knowledge, through the proper channel.

Hon Mr. BUREAU: Through what channel?

Mr. HANSON: Through the proper channel, the meeting of the Bank directors in the Prime Minister's office, and so on. Surely, it is a logical sequence.

Mr. CANNON: Mr. Chairman, Mr. Hanson certainly will not claim seriously that legally he can bring in evidence on anything that might have taken place between third parties. Would the hon. gentleman put up such a claim before a Court?

Mr. HANSON: The position of the Bank must be shown.

Mr. CANNON: Let the evidence be brought in legally.

[Mr. G. T. Clarkson.]

Mr. RYCKMAN: Mr. Chairman, there is no doubt at all about the relevancy of this question and its propriety. What I have no doubt Mr. Porter is endeavouring to show is that the directors at this time knew that the Bank had to go into liquidation.

The CHAIRMAN: At what date was this?

Mr. RYCKMAN: About the 10th of August. It would certainly be relevant, and in fact the first steps to take, to show that the directors knew the Bank had to go into insolvency. The directors, being aware of that fact, came to Ottawa and saw certain people. That is the case it is attempted to make out, and if this committee is going to block inquiry as to a question—

Mr. JACOBS: Mr. Murdock is not director.

Hon. Mr. BUREAU: If we are going to have a Parliamentary inquiry, let it be dignified, and let not these little subterfuges come before this tribunal. We want to know everything.

Mr. RYCKMAN: I have not finished. If this question is ruled out, inquiry along this line will certainly be blocked.

The CHAIRMAN: Mr. Ryckman, I do not agree with you at all. It is no question of blocking inquiry. We are trying to limit the inquiry to the order of reference, and that is the proper way. What might have taken place at a meeting of the directors of the Bank has no bearing at all on this case. If you wish to prove that the directors of the Bank came to Ottawa and had an interview with the ministers, and if you wish to prove that Mr. Murdock was there or had any knowledge of it, make that proof, but you do not need to go back to the meetings of the directors when they decided that they would make a trip to Ottawa, and that the Bank was in a bad condition.

Mr. VIEN: You might just as well speak of the \$1,500.

The CHAIRMAN: I maintain the objection of Mr. Cannon.

Mr. PORTER: Before you make your ruling, may I say a word? I do not want controversy over this question. I am not here determined to prove my case at all hazards. That is not my object.

Hon. Mr. BUREAU: Oh, yes, it is.

Mr. PORTER: Do not say that, because that is not a fact. If the evidence will fairly acquit the hon. Minister of the charges which have been made, nobody will be more pleased than I.

Hon. Mr. BUREAU: Oh, tut, tut.

Mr. PORTER: I only want to bring out such evidence as to my mind—and I have had some experience—is relevant to this case, and if upon that evidence this committee shall say that the Minister is not guilty of these charges, I am quite satisfied. I am not here to get a conviction by improper evidence or anything else.

Hon. Mr. MURDOCK: In justice to me, Mr. Chairman, please let these gentlemen go as far as they like now; let them open it up as far as they want to.

The CHAIRMAN: I would like to please you, sir, but I am bound not to let any evidence in that is irrelevant. I cannot grasp what bearing a meeting of the directors at Toronto on the 10th of August would have on this case.

Mr. PORTER: I want to show the insolvency of the Bank.

The CHAIRMAN: That is admitted by everybody.

Mr. GERMAN: I think Mr. Porter can arrive at what he desires by calling the directors themselves. They were down here, and if they saw Mr. Murdock and had a conversation with him, and Mr. Murdock had knowledge of what

[Mr. G. T. Clarkson.]

has been done, then that is evidence. Surely, however, my learned friend is too astute and too old a practitioner not to know that anything said or done by the Board of Directors in the absence of Mr. Murdock is not evidence against him.

Mr. PORTER: Not evidence against him on the charge, but evidence of a certain fact, which fact is very material.

The CHAIRMAN: Now, Mr. Porter, how is it material? You have not convinced me yet that it is material.

Mr. PORTER: I do not care to argue it any further. If you rule against me, I want to ask the question and have it ruled out.

The CHAIRMAN: I am very sorry, but I have to rule it out.

Mr. PORTER: You need not even feel sorry about it. If it is not a proper question, you must rule it out.

By Mr. Porter:

Q. Have you a record of the meeting of the directors of the Home Bank after they had paid a visit to the Government at Ottawa?—A. Yes, I have.

The CHAIRMAN: Will the reporter please repeat the question? (The reporter read the question as put by Mr. Porter.)

Hon. Mr. COPP: I think that is not a proper question at all, Mr. Chairman.

Mr. VIEN: Mr. Chairman, I suggest that we are losing precious time.

The CHAIRMAN: I realize that, Mr. Vien, but we cannot proceed too quickly. I do not want Mr. Porter to tell me that I am trying to stifle the inquiry.

Mr. PORTER: In connection with my last question which was ruled out by the Chair, I offer in evidence the minutes, the original minutes of the directors of the Home Bank dated August 14th, 1923.

Mr. CANNON: I offer the same objection, Mr. Chairman, for the same reason.

The CHAIRMAN: Objection maintained. It is simply a roundabout way of making the same proof.

Mr. PORTER: No, it is just part of the proof I wanted to submit. I submit it because it contains a report showing the insolvent condition of the Bank—

The CHAIRMAN: You have two ways of proceeding in this inquiry, Mr. Porter. You may ask questions of witnesses, or you may ask witnesses to file exhibits. You are not doing either of those things now; you are not putting a question and you are not asking the witness to file an exhibit. Surely you have been practising at the Bar long enough to know that you cannot do what you are trying to do now.

Mr. PORTER: I am not filing an exhibit, but I am stating to the Court what it is, to show its relevancy.

Mr. ETHIER: It has been ruled that it is out of order.

Mr. PORTER: My question has been ruled out of order; I quite understand that. I quite understand the ruling upon my question, and in connection with that question I intend to offer this as an exhibit. I want to offer the exhibit.

The CHAIRMAN: There has been another ruling from the Chair. You started to read from the book, stating that you submitted the minutes of the directors' meeting, and on that reading there was an objection made by Mr. Cannon, that you were not putting a question or filing an exhibit, and on that I ruled that it was well founded.

[Mr. G. T. Clarkson.]

Mr. PORTER: I was insisting upon giving the Chair my reason for offering the exhibit. I had not offered the exhibit before, I was merely stating the reason why I offered it in evidence. Then after that, if you say it is not evidence, I must be content.

The CHAIRMAN: You can make a statement, but you cannot in making that statement proceed in a roundabout way and read the minutes of the meeting, which have been ruled out of order.

Mr. PORTER: I am not reading them; I am not pretending to read them. I am making a general statement, which is not evidence, of what that exhibit contains, and the reason why I offer it as evidence. Unless I give some reason, I am not asking the Chair to accept it. I have to give some reason, and then after I have given my reason if the Chair rules it out, I am bound to submit.

The CHAIRMAN: Mr. Porter, you understand that you wanted to file first of all the reports of the meeting of the directors on the 10th of August. I ruled that that was out of order. Now, you surely cannot come back by making a statement and reading the same minutes of the meeting that I have ruled out of order. That is what you are trying to do. I know you understand that perfectly well.

Mr. CANNON: I beg my friend's pardon, but will the Chairman tell us if the reporter takes down the argument, or just the questions and answers.

The CHAIRMAN: The reporter takes down everything, and that is why I rule that you are proceeding out of order, Mr. Porter. It is no use for me to repeat again that I have already given a ruling that the minutes of the meeting of the directors on the 10th of August is out of order. Now you are trying in another way to put in evidence that has been ruled out of order.

Mr. PORTER: All I want to do is offer this as evidence, and you have ruled against it. I say I offer as evidence the minutes of a meeting of the Home Bank directors on such a date. Now, you say that you rule it out of order.

The CHAIRMAN: Yes. I do.

Mr. PORTER: Then, we are agreed.

The CHAIRMAN: I am sure we will agree if you do not read the minutes.

Mr. PORTER: I have not read any of them yet.

By Mr. Porter:

Q. Was there any action taken by the directors of the Home Bank, shown by their minutes, that they should pay a visit to the Government in regard to the condition of the Bank?

The CHAIRMAN: Do not answer that question, Mr. Clarkson. I rule that out of order.

By Mr. Porter:

Q. Is there any record in the directors' minutes, of their having paid—or of any of them having paid a visit to the Government in connection with the Bank's affairs?

The CHAIRMAN: Ruled out of order.

Mr. HANSON: Mr. Chairman, I do submit that this is going a little too far.

The CHAIRMAN: Will you give your reasons, Mr. Hanson?

Mr. HANSON: I would say that the fact that there is a record is a proper question, and relevant. Not the contents of the record; you must distinguish between the two surely.

Mr. CANNON: The question says, "In accordance with the record", and the record can be put in as an exhibit.

[Mr. G. T. Clarkson.]

Mr. HANSON: The fact that there is a record is evidence, I submit.

The CHAIRMAN: Mr. Hanson, I certainly would allow this evidence if I thought it was relevant to the order of reference of this inquiry. If Mr. Porter wishes to prove that the directors came to Ottawa and interviewed some members of the cabinet, there is only one thing to do, and that is bring in these directors and make the direct proof. We are here to take the best proof, and in law we must accept the best proof that can be made. Secondary proof can only be accepted where direct proof is not available.

Mr. PORTER: And here is a record in writing.

The CHAIRMAN: Yes; if it were relevant I would accept that.

Mr. HANSON: But the present question is only whether there is a record.

Mr. CANNON: The record does not prove anything.

Mr. HANSON: No, but it proves there is a record.

Mr. CANNON: The way to prove it is to have the directors themselves come here.

The CHAIRMAN: I have given my ruling.

By Mr. Porter:

Q. Is there a record in the directors' minute book of their having paid a visit to the Government of Canada in connection with the affairs of the Bank?

The CHAIRMAN: I rule this out of order.

Mr. PORTER: I tender, Mr. Chairman, the minutes of the Home Bank, dated—I gave you the one of the 14th, and I had better put them together.

Mr. CANNON: I object to the reading by Mr. Porter of any of the records. It has been ruled out of order. He cannot put in indirectly what you have already kept him from putting in directly.

The CHAIRMAN: Mr. Porter, you can certainly tender the minutes of a certain meeting, mentioning the date, but you know very well that in tendering these minutes you cannot mention or try to mention what might have happened at that meeting, because that would be a roundabout way of putting in evidence that has been ruled out of order. I am surprised at your insistence.

Mr. PORTER: I have not read any of the minutes yet; I am not trying to now, and you have ruled against me, but I am submitting as evidence these records. You simply ruled them out. I submit as evidence the record of the directors of the Home Bank of August 14th, 1923, and August 17th, 1923.

The CHAIRMAN: I rule that this evidence is out of order.

Mr. RYCKMAN: I do not believe you have to reverse yourself but I think this ruling is improper and not according to the rules of evidence. The allegation is that the Minister had certain information. We desire to show what that information was, who had it and who could have communicated it to the Minister. According to the ruling any question that touches upon establishing the very charge made that the Minister had certain information is ruled out.

The CHAIRMAN: Mr. Ryckman, I wish to tell you that that is not my ruling at all. The charge is that the Minister had certain information as Minister of the Crown. It is very easy for those who are making this charge, as I stated repeatedly, to make the best evidence that can be offered. You have been practising law for a number of years. You understand yourself that it is a principle of law that the best evidence should be offered and secondary evidence can only be offered when the best evidence is not available. If you wish to prove that the directors came to Ottawa and interviewed the Ministers of the Cabinet, Mr. Murdock or anybody else, you should ask those directors to come here and make direct proof.

[Mr. G. T. Clarkson.]

Mr. STEWART (Hamilton): Is it not relevant to show that those directors had knowledge of the insolvent condition of the bank?

Some MEMBERS: No.

Mr. STEWART (Hamilton): And that if that is followed up by a communication of that knowledge the case is very complete indeed. The thing to show is the knowledge.

The CHAIRMAN: If you want to know if the bank was insolvent you have the witness in the box. Ask him if the bank was insolvent.

Mr. STEWART (Hamilton): Is it not relevant to show the directors knew of that condition.

Hon. Mr. BUREAU: I want legal evidence according to the rules of evidence. You are bringing secondary evidence when you are not bringing the best evidence before the Committee.

The CHAIRMAN: We will make better headway if we leave Mr. Porter to put his questions.

Mr. PORTER: I have asked certain questions of the witness which you have ruled out of order after due argument and I have also offered as exhibits certain minutes of a directors' meeting preceding their meeting with the Cabinet at Ottawa. You have also ruled that out of order as not competent evidence and while I do not like to do so, I feel so strongly my position in the matter that it is important, that it is relevant and the Committee cannot very well consider the question that is at issue without having that evidence and the very best evidence on those facts before us, so I feel compelled to ask the Committee to consider the ruling and I formally appeal, with every respect, against the ruling. I should like to have that evidence before the Committee as I intend to base some argument upon it and speaking from a pretty long experience as to what is evidence and as to what is not, and I think I am fully aware of the issue that is here before us and the relevancy of that evidence, I would like to know if the Committee sustains the ruling of the Chair or not in the matter.

The CHAIRMAN: Do any other members wish to speak on this subject?

Mr. VIEN: On a point of order, in addition to the ruling that you have given and in addition to the reasons given for your ruling, I fail to follow my honourable friend when he says that the minutes of proceedings of the directors would prove that they came to Ottawa and had any conversation with the Minister. If what is contained in the minutes of the directors were allowed as evidence, how simple it would be to have the Board of Directors put in writing in those minutes anything that you would like the witness to prove, the facts that are related in the minutes. This is the first time that I have heard such a contention made by a lawyer.

Mr. PORTER: Perhaps we always have something to learn.

Mr. VIEN: Perhaps we always have something to learn, but I am afraid my honourable friend has not learned much during his long practice if he contends that the minutes of the Board of Directors could prove that the directors came to Ottawa and informed the Minister of the insolvency of the Bank.

Mr. PORTER: I did not ask that. I asked to put in the minutes to show that they came to Ottawa.

Mr. VIEN: You say you can prove they came to Ottawa by the minutes of the Board of Directors. My honourable friend, with his long legal practice, should know that the minutes, even if they did contain a reference to a visit of the directors to Ottawa would not be legal evidence of that visit but the directors themselves would have to be heard as witnesses to establish that

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they did actually come, and even if they said that they came they were not under oath then and their evidence is of no avail to prove that particular fact. If my honourable friend wishes to establish that the directors did come to Ottawa he cannot establish it by the minutes of the Board of Directors, in which it is acknowledged. This is no evidence at all. The best evidence, as mentioned by the Chairman, would be to have the directors under oath testify that they actually came because when the minutes were taken at the Board of Directors they were not under oath and it is no evidence of that very fact and for that reason, sir, I feel the ruling was well taken.

Hon. Mr. BUREAU: What is the motion? Before the vote is taken I wish to sustain the Chair and before doing so I wish to declare that I will welcome as thorough an investigation as possible.

Mr. CANNON: I did make the objection to prevent my honourable friend from introducing that evidence. Let the evidence be legal and there will be no objection on my part. I need not report what the Chairman said. I think the law as laid down by the Chair is good and sound law if we want to have a result to this investigation.

The CHAIRMAN: Mr. Porter appeals from my ruling.

Mr. RYCKMAN: Your rulings.

The CHAIRMAN: Shall the ruling of the Chair be sustained?

On a division being taken the ruling of the Chair was sustained by a vote of eighteen to four.

The CHAIRMAN: I declare the motion carried. Let us proceed, gentlemen.

By Mr. German:

Q. I would like to ask some questions of Mr. Clarkson: You have spoken about sending other letters to persons who had withdrawn a portion or the whole of their account from the bank shortly before they closed their doors besides the letter you sent to Hon. James Murdock?—A. That is true; that is correct.

Q. Can you tell us about how many you sent?—A. No, I cannot, because it has been taken up in respect of, I think, four or five branches and in respect of the remainder of the branches it is just in a state to go before the courts. Some cases are before the courts now.

Q. Your legal advisers have advised you that any depositors who drew out their money from the bank shortly before the insolvency were bound to return that money to the bank?—A. Not unless they had a knowledge of the prospective troubles of the bank.

Q. With knowledge of the insolvency?—A. Yes, with knowledge that the bank either was going to suspend or would probably suspend.

Q. Was it in both ways? Was it a knowledge that they would probably suspend or a knowledge that they certainly would suspend?—A. What do you say, Mr. German?

Q. Was your advice that the depositor drawing out his money then, say thirty days prior to the insolvency, was bound to return that money if he had knowledge that the bank was in a critical state and might possibly suspend?

Mr. STEWART (Leeds): Here again, comes a point of order, communication between solicitor and client.

The CHAIRMAN: No. Mr. Clarkson has already stated that he sent letters to all those—

By Mr. German:

Q. Can you tell me how far that advice went, as to what knowledge was necessary?—A. No. I find it a little difficult to find that. There is absolutely

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no question that if they got an intimation that the bank was to suspend then we can recover against them. Then how far it goes, as to the probability of an intimation to them that the bank might suspend—how far that will carry it I do not know.

By the Chairman:

Q. You have not been advised as to that?—A. When you say, "So far as I am advised," I have discussed the matter with a solicitor but I felt my own knowledge of these sort of cases went probably as far as the solicitor's because I have been in most of these cases in the last ten years.

By Mr. German:

Q. There are a large number of such cases?—A. There are about 10 branches, where there is no doubt in my mind withdrawals took place following intimation of the bank's position.

Q. How long prior?—A. On the day of the failure.

Q. How long prior to the day of the failure?—A. I think it is on the day of the failure that most of these withdrawals took place.

Q. What was the date of the closing of the doors?—A. August 17th, 1923.

Q. You say most of the withdrawals were on the actual day of the closing of the doors?—A. On the day of the closing of the doors and some of them after suspension.

Q. I do not think there is much doubt about that, after suspension.—A. No, I do not think there is.

Q. Were there any considerable number of withdrawals a few days prior to suspension?—A. There were some withdrawals that I have questioned but I do not think the evidence that I have in respect to that will be sufficient to permit me to recover. They will be almost wholly limited to withdrawals on the day of the failure.

Q. With some exceptions a few days afterwards?—A. Very few exceptions.

Q. All those cases are now in litigation, are they?—A. Some are in litigation; some are in negotiation and the balance are in the course of preparation to submit to the courts.

By Mr. Cannon:

Q. How many such claims have you got?—A. I do not know, Mr. Cannon.

Q. About? Approximately?—A. You have got me there; 50 to 75.

Q. All told?—A. Yes.

By Mr. Jacobs:

Q. I would like to ask Mr. Clarkson a question or two: When did you first learn Mr. Murdock had drawn the deposit from the bank?—A. The first time I learned about it was when I saw the statement in the newspaper.

Q. It was some time in March, early in March?—A. I do not know when it was. No, my recollection is two or three months ago.

Q. You took no action until the early part of May?—A. No. I intended to take the whole question up. You cannot jump from pillar to post in this thing. I was going to take up the whole question of the withdrawals at the same time.

Q. Irrespective of the character of the depositors, whether they were Cabinet Ministers or otherwise?—A. The reason which actuated me in writing to Mr. Murdock was the fact that I was taking up the question of the withdrawals as a whole.

Q. You paid no attention to this when you first learned of it some time in March or the latter part of February?—A. No, I did not, knowing that I would take it up later.

[Mr. G. T. Clarkson.]

By Mr. Cannon:

Q. You say you have about fifty to seventy-five claims for withdrawals but those claims are all for withdrawals on the day the bank failed?—A. They are very largely. If there are any beyond the day the bank failed there will not be more than two or three in number.

Q. So your claim for withdrawals is for those on the day the bank failed?—A. Yes.

Q. When did Mr. Murdock withdraw his deposit?—A. On the 15th.

Q. When was that?—A. Two days before. The position is that evidence would show that this money was drawn under certain circumstances and I made an offer to Mr. Murdock to repay. If he failed to repay that I would let the matter go before the courts so we could dispose of it.

Q. So your claim against Mr. Murdock is not a claim similar to the 'fifty or seventy-five you have mentioned?—A. It is different to this extent that the withdrawal was two days before the failure.

Q. That is the only claim you have made for two days before?—A. Because I have not got evidence and nothing has been drawn to my attention that people who withdrew, one, two or three days before the failure had any knowledge.

Q. Have you made a similar demand on anybody else but Mr. Murdock?—A. For the return of money?

Q. For people who withdrew not the day of the failure but two days before?—A. No, because I have not got evidence to indicate that people who withdrew prior to the day preceding the failure had knowledge of the position of the bank.

Q. So Mr. Murdock's claim is the only one you have?—A. Up to this point.

Q. Why did you make it?—A. Why did I make it?

Q. Yes?—A. I have answered that question.

Q. Will you answer it again?—A. Because of the information conveyed to me that the money had been withdrawn after the failure of the bank and the money had been withdrawn with a knowledge of the bank's condition.

Q. If you had known the real facts you would not have made a claim?—A. In view of the claim I would have offered him what I did in my letter, to go before the court to show that the evidence was correct or incorrect.

Q. You assume first Mr. Murdock had withdrawn after bank hours, consequently after the failure of the bank?—A. After what?

Q. That is what you said.—A. No, I beg your pardon.

Q. Make your statement clear. It is the important point in the whole case.—A. The reason I wrote to Mr. Murdock was that there had been articles in the newspapers, statements had been made to me that he had withdrawn the money after the banking hours on the 15th of August with a knowledge of the condition of the bank at the time. I therefore—

Q. You saw that in the newspapers?—A. I did.

Q. Outside of newspaper knowledge what knowledge had you?—A. Some general statements made to me by officers of the bank.

Q. Who are they?—A. I told you I don't remember.

Q. You do not remember?—A. I do not.

Q. Outside of banking people you secured no knowledge from anybody else?—A. I got no knowledge from anybody else.

Q. You found out since that Mr. Murdock withdrew his money during office hours?—A. Yes.

Q. And that he withdrew his money two days before the failure?—A. Oh, I knew that.

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Q. You knew that?—A. I knew that at the time.

Q. And you did not claim from anybody else who was in the same position?—A. I have no evidence that the people who withdrew two days before the failure knew of the position of the bank. If I do get evidence that any of those who made withdrawals on the 14th or 15th—

By Mr. McMaster:

Q. After having—

By Mr. Cannon:

Q. Let the witness finish his statement.—A. It all turns, Mr. Cannon, on the question of whether they had knowledge of the bank's position or not. Now, if subsequent evidence comes to me or any evidence would indicate that people who withdrew on the 14th or 15th knew at that time of the position of the bank then I will take action against them.

Q. Will you state to the Committee how many withdrawals took place two days before the failure?—A. How many withdrawals took place before the failure.

Q. How many withdrawals took place two days before the failure?—A. I really cannot tell.

Q. Approximately. You have been studying the affairs of the bank for months and you ought to know.

By Mr. German:

Q. On the 15th?—A. Two days before the failure. There are 70 branches. There may be a thousand withdrawals.

Q. And you made one claim. How many withdrew three days before the failure?—A. I cannot answer that question any differently.

Q. Approximately?—A. Well, say about the same.

Q. I beg pardon.—A. Maybe one thousand or maybe fifteen hundred.

Q. So there would have been 2,500 withdrawals within two days and you made one claim against Mr. Murdock?—A. It is a question of the people who withdrew money with a knowledge of the condition of the bank. That is the basis.

Q. How do you know it is?—A. That is the legal position.

Q. I do not agree with your legal position.

By Mr. Jacobs:

Q. If they were withdrawing in the ordinary course of business.—A. Then I think they are perfectly all right.

By Mr. Vien:

Q. Do I understand you to say that only 75 or 80 people withdrew on the very day of the failure about whom you were suspicious of their knowledge of the bank's insolvency?—A. Yes, so far as I can ascertain.

Q. Then you do not know how many people withdrew the day before?—

A. No but I know every person who withdrew money on the day of the failure and the day before and the day before that. The question is who withdrew—

Q. Do you know or do you not know?—A. I do.

Q. I did not get that part of your answer. A. I do.

Q. You know how many people withdrew and how much money was withdrawn from the bank on the day of the failure, on the day prior to the failure and the preceding day?—A. And the day prior to that, you mean?

Q. Yes.—A. Yes, I do.

[Mr. G. T. Clarkson.]

Q. Did you consider also withdrawals which took place during the six or seven preceding days?—A. No. I have that detailed for three days previously.

Q. Three days previously?—A. Yes.

Q. Did you compare those withdrawals during those two or three preceding days with the normal withdrawals of the bank on other days?—A. That is exactly why I got the information, to compare it.

Q. I asked you did you compare it?—A. I did.

Q. Were the amounts of the withdrawals during the two or three preceding days greatly in excess or about normal with the withdrawals of the preceding period?—A. In some branches they were normal. In some branches there was a steady increase in the three days. In some branches they were normal for the two days preceding the failure and jumped very high on the day of the failure.

Q. Did you compare them with the normal withdrawals of the week preceding or some period preceding?—A. No, I went back three days.

Q. During those three days there was an additional amount of withdrawals?—A. Yes.

Q. During the whole period of three days?—A. No, I do not say the whole period. It is very difficult to answer your question because in some of the branches it is absolutely normal, no difference. At other branches it may be less on the day of the suspension than on preceding days. At other branches say \$1,000 on the 15th; \$1,200 on the 16th and \$2,500 on the 17th.

Q. Will you tell me if you noticed in some branches that there were additional withdrawals in the preceding days?—A. You mean on the day of suspension?

Q. The three preceding days?—A. The three preceding days?

Q. Yes.—A. I compared the three, the 15th, 16th and 17th and what I have said to you is that there are a number of branches.

Q. Where the withdrawals increased?—A. Where the withdrawals increased. They are small on the last day.

By Mr. Logan:

Q. Does that apply to the Ottawa branch?—A. The Ottawa branch.

By Mr. McMaster:

Q. I just want to ask this question—

By Mr. Logan:

Q. I have asked a question.

By Mr. McMaster:

Q. I want him to define withdrawals. Do withdrawals mean an ordinary cheque against an account or does it mean an entire withdrawal of the whole account?—A. It means money drawn out of the bank by cheque—or any other way.

Q. Clearing an account?—A. It does not necessarily clear the account.

By Mr. Vien:

Q. Did you examine whether withdrawals of the full amount of the accounts had been made?—A. Yes. I have that information in regard to those withdrawals which seem open to question to me.

Q. The fifty to seventy-five of which you spoke?—A. Yes.

Q. Did you notice also that complete withdrawals took place outside the fifty to seventy-five within the preceding days?—A. That may have happened in some instances.

Q. Did you notice them?—A. Not to call particular comment to them.

[Mr. G. T. Clarkson.]

Q. I asked you the fact. Is it a fact or is it not a fact that actual withdrawals of the total amount on deposit took place within two or three preceding days?—A. I cannot answer your question.

Q. Do you know or do you not know it?—A. I do not unless I get the statement in detail.

Q. Can you get it?—A. Oh, easily.

Q. Would you give that evidence?—A. If you want it, sir. It will take a week to prepare it.

Q. Compare the withdrawals particularly in respect of the amount of accounts, the total sum on deposit during those preceding days.

The CHAIRMAN: Mr. Clarkson just stated it would take a week to prepare that statement.

Mr. VIEN: I think Mr. Clarkson can within a week and much less than a week tell us if withdrawals of the total amounts on deposit took place in the bank. He has all the books of the bank. He could tell the Committee. That is an important matter.

By the Chairman:

Q. Do you think you could prepare that statement before a week?—A. No, I do not think so. It may take me over a week to get my information particularly in regard to the withdrawals of the three days.

By Mr. Cannon:

Q. Would you tell us how many withdrawals were made in the Ottawa branch, where Mr. Murdock had his deposit?—A. I have a detailed list here if you want it. I have not got it totalled.

Q. I ask you how many.—A. I do not know. I have the list but I have not totalled it.

Q. Would it take you very long to check it up?—A. Would you let me file the list in place of totalling it up.

Mr. JACOBS: I do not think that is right. So long as there are no Cabinet Ministers among them.

The CHAIRMAN: It may be a prominent member of the opposition.

WITNESS: When you say withdrawals, Mr. Cannon, do you mean, if one man made two or three withdrawals, just to count it as one withdrawal?

Q. Yes.—A. There were sixty-three people who made withdrawals on the 15th of August.

By Mr. Cannon:

Q. The day that Mr. Murdock made his?—A. Yes, and the amount of withdrawals on that date was \$8,208.

By Mr. McMaster:

Q. When the witness uses the word "withdrawals" does he intend to indicate a cheque drawn upon an account which practically exhausted it, or did exhaust it?—A. When I say "withdrawals" I mean where people cash cheques against their accounts.

By Mr. Cannon:

Q. That is on the same date as Mr. Murdock made his withdrawal.

The CHAIRMAN: Would it not be possible to make a distinction between these withdrawals? I think the question of Mr. McMaster is very pertinent; whether it is withdrawals in the ordinary course of business, or withdrawals that practically take all the money out of the accounts.

WITNESS: I can get you that information with regard to every branch, but it would mean taking each individual account and looking it up.

[Mr. G. T. Clarkson.]

By the Chairman:

Q. For the Ottawa branch?—A. I can get you that information probably during the day.

By Hon. Mr. Bureau:

Q. Why not use the words, how much money was checked out of the account?—A. I can give you that now.

Hon. Mr. BUREAU: That is the whole thing, whether it was checked out of the account or in the ordinary course of business.

By Mr. Cannon:

Q. What amount was withdrawn or checked out of the bank on the 16th?—A. On the 16th, the amount was \$16,088.

Q. What about the 17th?

Mr. RYCKMAN: Are these subjects which come under the reference, Mr. Chairman?

Mr. CANNON: I think these questions are relevant as going to show that the condition of the bank was public knowledge and that therefore Mr. Murdock could have known about the condition of the bank without being a Minister, seeing that everybody was going to the bank and taking their money out.

Mr. PORTER: Mr. Chairman, it appears to me that a great deal of this is irrelevant, according to your ruling, but I want it distinctly understood by the Committee, that, so far as I am concerned, as prosecuting this case I raise no objection to any question that any member of the Committee may desire to ask in the matter, whether it is relevant or irrelevant.

The CHAIRMAN: Do I understand you to make an objection, Mr. Ryckman?

Mr. RYCKMAN: I just made a comment.

The CHAIRMAN: I make no rulings on comments.

WITNESS: Mr. Cannon, I can throw a little more light on that. On the 15th of August the total amount of money checked out by 63 people was \$8,108; if you take Mr. Murdock's \$4,000 off that, that leaves the other people \$4,100. On the 16th the amount drawn out was \$16,088, but of that the Minister of Finance drew \$7,233.

By Mr. Cannon:

Q. Not out of his personal account?—A. No. The Capital Trust Company, which was also making deposits at the same time in branches of the bank, drew out \$5,000. That is, \$12,233, and if you take that away from the \$16,000 it leaves the general withdrawals at 52 people who took out \$3,800. Then take on the 17th, the withdrawals were \$13,937, and included in that was a withdrawal of \$10,000 by the Capital Trust Company which was also depositing. That left \$3,937 drawn out of the bank by 56 people. So there is not very much in the Ottawa branch.

Q. Did you make a claim against the Capital Trust for these withdrawals?—A. No sir, because they deposited the same day.

Q. You did not make any claim against the Minister of Finance either?—A. It would not be of any good if I did; he has a preferred claim sir.

Q. As a matter of fact, coming back to the first line of examination, the only claim you made for the 15th and 16th was Mr. Murdock's claim?—A. Exactly.

Q. What was the amount of money withdrawn in Toronto on the 15th?—A. I have not got that information, Mr. Cannon. I want to distinctly say some-

[Mr. G. T. Clarkson.]

thing if I may. The reason I brought that claim against Mr. Murdock was in the ordinary course, after notice—

Q. One moment, if you will allow me, I do not suggest for one moment to question your good faith?—A. Thank you; that is the point I want to make.

Q. You have no data as to Toronto?—A. The Toronto list is a very very large one, and a very complicated one. I can give it to you if you want it, but I have not the figures totalled. I cannot tell off-hand; the figures are very large.

Q. Did any officials of the bank withdraw their money on that date?—A. The 17th?

Q. The 17th, 16th, 15th, or say within a week?—A. Yes sir; no directors, but officials of the bank withdrew their money at a number of points.

Q. How many?—A. I think I should say about a dozen or fifteen, outside of Vancouver.

Q. Have you claimed money back from them?—A. I have got the money back from four or five, and I am claiming against the balance.

Q. You say about sixteen officials withdrew their money?—A. From sixteen to twenty.

Q. Any in Ottawa?—A. Not to my knowledge; not that I have heard so far.

Mr. McMASTER: Would it assist us if Mr. Clarkson would let us have the number of people who closed their accounts, or practically closed their accounts in the last three days of the bank's operations in the Ottawa branch?

Mr. JACOBS: Why in Ottawa? I understood the witness to say in reply to Mr. Cannon's question that it was public property, that everybody knew of it, and I think we ought to have a list of the various branches.

Mr. HANSON: Mr. Clarkson did not say it was public property in Ottawa.

Mr. VIEN: I suppose that what we need is the number of accounts which were completely withdrawn or practically closed during the five or six days prior to the failure.

WITNESS: If you say five or six days, it is going to take me a week or ten days; if you limit it to three days, I have got half of that work done, and I could probably give you the information in three days. There are sixty branches.

Mr. VIEN: From the 15th to the 17th.

WITNESS: I could probably give you that in three days.

By Mr. Cannon:

Q. Are you going to prepare a list of accounts that were completely wiped out?—A. When you say completely or practically, I understand you to mean that a dollar or two left in does not matter.

The CHAIRMAN: Do not make any limit.

WITNESS: You can judge from the proportion of the amount to the account.

The CHAIRMAN: Exactly.

By Mr. Hanson:

Q. When you wrote the letter of the 7th May did you consider that you had evidence sufficient to warrant you in making a demand on Mr. Murdock?—A. I considered that a condition had been brought to my attention which compelled me to ask Mr. Murdock either whether he was prepared to refund the money, if the facts were correct, or as an alternative that I should bring the matter before the Referee to determine whether he was liable or not.

Q. You considered the facts before you sufficient to warrant you in making a demand.—A. I think I would have been derelict in my duty if I had not.

[Mr. G. T. Clarkson.]

Q. The question of the time of withdrawal, in your judgment, has not the same weight as the manner of withdrawal?—A. The point that is weighty in my judgment is the question whether it was drawn with a knowledge of the facts that the bank was about to fail.

Q. A knowledge of the insolvency; that is the crux?—A. A knowledge of insolvency. If money was withdrawn from the bank ten minutes before, and was drawn in good faith, I do not think I have a right to recover. That is according to the Act.

By Mr. Vien:

Q. What section of the Act?—A. You can recover where a man gets improper—

Q. Which is the section?—A. I do not know the number.

By the Chairman:

Q. It is not the Bank Act?—A. The Winding-up Act.

By Mr. Cannon:

Q. When you wrote that letter to Mr. Murdock, and got his answer, it was before the debate took place in Parliament?—A. Absolutely.

Q. It was long before that debate took place in Parliament?—A. Absolutely.

Q. I understood somebody to suggest it was not?—A. No.

MR. HANSON: The letter was written on the 7th May and the debate took place on the 22nd.

WITNESS: I had that brought to my knowledge and was waiting until I took up those withdrawals as a whole. I wrote Mr. Murdock at the same time that I took up the question of withdrawals with other people, some of whom have repaid, and some of whom will have to be sued.

By Hon. Mr. Lapointe:

Q. In that letter you sent to Mr. Murdock on May 7th, appears this sentence: "We have already, in a number of cases dealt with the matter, and received substantial returns"?—A. That is right, sir.

Q. I show you the original received by Mr. Murdock, and the word "substantial" has been struck out?—A. I did not notice that. It is a fact, though, that we have already received \$15,000 or \$20,000, Mr. Lapointe.

By the Chairman:

Q. Did you erase the word "substantial"?—A. No. I recollect now that I struck the word out, because I did not want to give an unfair inflection to it.

By Hon. Mr. Lapointe:

Q. Perhaps it would be well to strike out the word "substantial" on the copy, too?—A. Yes.

THE CHAIRMAN: Have you any further questions, Mr. Porter.

By Mr. Ethier:

Q. Who is the Referee, you mentioned?—A. Charles Garrow, the Master in Chambers, at Osgoode Hall, Toronto. You asked me to produce these cheques. Do you require them? I have them here, and will put them in if you wish.

By the Chairman:

Q. What cheques are those?—A. Those are the cheques on the Murdock account, to the date of the statement.

[Mr. G. T. Clarkson.]

Q. Mr. Murdock's cheques?—A. Yes. I was asked in my subpoena to produce them. The only statement you want from me now is the statement of the accounts which were closed in the various branches, on August 15th, 16th and 17th?

Mr. VIEN: In all the Branches.

The WITNESS: Yes.

By Mr. Vien:

Q. Would it be any shorter to prepare the statement only for Toronto and Ottawa?—A. About one-tenth the time.

Mr. VIEN: Then Toronto and Ottawa will be sufficient.

Mr. GERMAN: Toronto, Ottawa and Montreal.

The WITNESS: I can give you this—not to-morrow, but the day after.

Mr. PORTER: With the permission of the Committee I would like to put in the following cheques—

Mr. GERMAN: Put them all in.

Mr. PORTER: You want them all put in?

Mr. GERMAN: Yes, put them all in.

Mr. PORTER: I prefer to put them in in my own way, unless the Committee wants them all in.

Mr. GERMAN: I want them all in.

Mr. PORTER: I will put in these cheques then from June 18th—

The WITNESS: There is a question whether Mr. Murdock wants them put in. They are confidential documents.

Hon. Mr. MURDOCK: No objection at all. Every one of them may go in.

The CHAIRMAN: How many are there?

Mr. GERMAN: Put them all in as one exhibit.

By Mr. Porter:

Q. That is a deposit slip, Mr. Clarkson, of which you spoke in your evidence-in-chief, as the deposit slip covering the four thousand dollars?—A. Yes; on the 3rd of July, yes.

The CHAIRMAN: File that as exhibit No. 7.

Document filed as *Exhibit No. 7*.

The CHAIRMAN: The cheques will be filed as Exhibit No. 8.

Mr. PORTER: These are cheques, twenty in number, dated from June 18th, 1923, to August 15th, 1923.

Documents filed as Exhibit No. 8.

By Mr. Porter:

Q. Mr. Clarkson, I see that these cheques are all signed "James Murdock, per attorney", excepting the cheque for \$4,050.00, which was signed by James Murdock personally?—A. They will have to speak for themselves, Mr. Porter. I have not looked over them.

Q. You can see them there (handing cheques to witness).—A. No; there are two; one dated July 25th—

Q. For what amount?—A. \$46.25.

Q. Forty-six dollars and twenty-five cents?—A. Yes, and there is a cheque of August 14th; the one which was cashed on the 15th, for \$4,050.00.

Q. All the others are signed "per attorney"?—A. Yes.

[Mr. G. T. Clarkson.]

By Mr. Cannon:

Q. The cheque is dated the fourteenth and cashed on the fifteenth?—A. Dated on the 14th and cashed on the 15th.

By the Chairman:

Q. Dated on the 14th and cashed on the 15th?—A. Yes.

By Hon. Mr. Bureau:

Q. Presented through another bank and then to the Home Bank?—A. No, cashed at Home Bank.

By Mr. Porter:

Q. The cheque dated August 14th, you have already said, was paid on the 15th?—A. This is marked as paid on the 15th.

Q. And the memorandum on the back of it shows what?—A. "Four hundred by ten; one by fifty".

Q. Four hundred ten-dollar bills and one fifty-dollar bill?—A. The significance would be that Mr. Murdock got four hundred ten-dollar bills and one fifty-dollar bill.

The CHAIRMAN: That is all, Mr. Clarkson; thank you.

(Witness retired).

J. F. M. STEWART, called, sworn and examined.

The WITNESS: Mr. Chairman, would you permit me before you start, to say that, along with other directors, I was arrested in connection with Home Bank matters, on the 5th of October, and have been before the Police Court and the County Court and the Assize Court. At present I am on bail from two courts, with an appeal pending before the Privy Council. I have also been honoured by being sued for five million dollars. With that information before you, I would like protection, if necessary.

By Mr. Porter:

Q. Mr. Stewart, you were a director of the Home Bank?—A. Yes, sir.

Q. And were such a Director when the bank suspended payments?—A. Yes, sir.

Q. Which occurred on the 17th of August, 1923?—A. Yes.

Q. Prior to the suspension of the Bank had you, as such Director—or for some time prior to that—been aware of the financial condition of the bank?—A. No, sir.

Q. Any time before?—A. I was not aware of the financial condition of the Bank until long after it had suspended. I had knowledge of some recent developments within a few days before its suspending.

Mr. VIEN: Some reasons, did you say?

The CHAIRMAN: Recent developments.

The WITNESS: Recent information.

By Mr. Porter:

Q. I suppose you are speaking of the financial condition?—A. Yes.

The CHAIRMAN: Just one moment, please. I understand that Mr. Stewart has asked for the protection of the Committee, so that anything he may say will not be used against him in any of the proceedings that are directed against him. Is it your pleasure that we grant him that protection?

Hon. MEMBERS: Carried.

[Mr. G. T. Clarkson.]

By Mr. Porter:

Q. And was the knowledge that you had, that you acquired, brought before the Board of Directors? Was that the manner in which you received it?—A. Yes, sir.

Q. About what time?—A. On the Tuesday following the first Monday. That would be the day after Toronto's civic holiday, which is always the first Monday in August; the day following that.

Mr. PORTER: Has Mr. Clarkson taken the books away?

Mr. CLARKSON: No, I have them here, sir. If you desire them, may I leave the books here, and leave myself?

Mr. PORTER: Yes, that will do. Mr. Stewart will take charge of them.

Mr. CLARKSON: Do you only want the minute book?

Mr. PORTER: Yes.

Mr. CLARKSON: Then I will take the rest of them and leave the minute book with Mr. Stewart.

The WITNESS: It would be August 5th.

The CHAIRMAN: What was the last question?

Mr. PORTER: When he became aware of the general condition of the Bank, when that was brought before the Board of Directors.

By Mr. Porter:

Q. Did you, subsequent to that, have a report as director—I am always speaking of you as a director—have a report made upon the general condition of the Bank?—A. We did, sir.

Q. As a result of that report, and the deliberations of the directors, did you come to Ottawa to see the Government?—A. We did, sir.

Q. On what date?—A. On the Tuesday.

Q. That would be?—A. That would be the 14th.

Q. On the 14th of August, and what time did you arrive in Ottawa?—A. I came down on the day train, getting in here around 9 o'clock in the evening, I think.

Q. Was your visit to Ottawa on that occasion previously announced to anyone?—A. No, sir.

Q. Was it by order, or request, of the Board of Directors of the Home Bank that you came?—A. By request of the Board.

Q. Did any other directors of the Bank accompany you?—A. They came down that night.

Q. Who?—A. Mr. R. P. Gough, and Mr. Casey Wood.

Q. They came on a later train?—A. They were here the next morning.

Q. On your arrival in Ottawa, whom did you see first in connection with the affairs of the Home Bank?—A. I located the Hon. Mr. Graham, the reason for that being that the Finance Minister was not in Ottawa, and I wanted Mr. Graham to tell me who was acting and where I was likely to get in touch with him.

Q. Did he give you information?—A. He helped me in every way, sir.

Q. What time was that, was it the same evening?—A. Yes sir.

Q. At what time, or about what time?—A. It would be about 10 o'clock when I got Mr. Graham.

Q. Did you see any other Ministers of the Crown that night?—A. Yes sir.

Q. Whom did you see?—A. Hon. Mr. Robb and the Hon. the Prime Minister.

Q. Anybody else?—A. The Deputy Minister of Finance, Mr. Saunders, I think.

[Mr. J. F. M. Stewart.]

Q. Anyone else?—A. That is all, sir.

Q. Where did you see them?—A. Mr. Graham was good enough to come to my room, and he telephoned from there for Mr. Robb, who also joined us. Mr. Robb telephoned Mr. Saunders who came to my room, and Mr. Robb got the Prime Minister and together we went to the Prime Minister's home.

Q. Arriving there at about what time?—A. I lost track of time around then, but it must have been around about midnight, I think.

Q. What took place there, in reference to the affairs of the Home Bank?—A. I explained the position of the Bank as I knew it at that time.

By Mr. Hanson:

Q. What did you say? Not your deductions, but tell us what you said as near as you can get it.

MR. CANNON: I think, Mr. Chairman, that that evidence would be perfectly legal provided it is completed afterwards by showing that that conversation is in some way afterwards related to Mr. Murdock. Is it the intention of my hon. friend to complete the evidence in that way?

MR. PORTER: Oh, yes.

MR. CANNON: Mr. Murdock was not present when that statement was made, therefore that conversation is not evidence against him.

MR. PORTER: It does not affect him unless it is hooked up later.

MR. CANNON: If it does not effect him it cannot be relevant.

THE CHAIRMAN: Mr. Porter, I do not want to prevent you from making that proof, but if Mr. Murdock was not there, would you mind telling me your object in getting this evidence?

MR. PORTER: It was communicated to him afterwards, just the same as though he were there.

THE CHAIRMAN: Just a plain question asking if the situation of the Bank was explained is all we are interested in. There might have been some other parts of the conversation which do not touch this inquiry at all.

MR. PORTER: All I want to get is what was explained as to the condition of the Bank.

MR. VIEN: I object to the question for this reason, that what was said to the Prime Minister, or what was said to the witness or the Minister of Finance cannot be received as evidence. What can be made evidence is what was said to Mr. Murdock afterwards. No matter what took place there at the Prime Minister's residence, or at the Chateau, it is abso-irrelevant. Only what knowledge was communicated to the Minister can be received.

MR. JACOBS: I do not agree with Mr. Vien. It seems to me if the witness told these gentlemen of the Government, the Cabinet, that the Bank was in that shape, and it is afterwards shown that that was communicated to Mr. Murdock, I think that is important.

MR. VIEN: Only that part which was communicated to him is important. I want to be clearly understood on that.

MR. CANNON: My objection is taken on the one ground, that Mr. Murdock was not there, and secondly unless they prove that that conversation was afterwards communicated to Mr. Murdock, it cannot go as evidence. That is the only ground I take.

[Mr. J. F. M. Stewart.]

The CHAIRMAN: This evidence will be taken under reserve; that is my ruling. But now it is one o'clock—.

Mr. LOGAN: I was just going to say, Mr. Chairman, that I have some doubt as to the relevancy of this, but I think it would be a very great mistake for this committee to shut that evidence out.

The CHAIRMAN: That is my opinion, and that is why I rule that the evidence will be taken under reserve.

Mr. PORTER: You will observe, Mr. Chairman, that in making my charge I based the charge upon twelve different facts, and this is one of the facts upon which the charge was based. I will read it to you, it is Number 2.

The CHAIRMAN: I do not think you can make a case out of the ammunition used in your speech. The inquiry is absolutely limited to the order-of-reference. I wish to point out that rule 123 of Beauchesne's Parliamentary Rules, under Rule 11 reads:—

"A Committee is bound by, and is not at liberty to depart from the order-of-reference, (B469). In the case of a select committee upon a bill, the bill committed to it is itself the order-of-reference to the committee, who must report it with or without amendment to the House."

Further, Number 124.

"When it has been thought desirable to do so, the House has enlarged the order-of-reference by means of an instruction or in the case of a select committee upon a bill by the committal to it of another bill."

The proper procedure for you to follow, Mr. Porter, if you wish to prove all the facts you mentioned in the House would be to make a motion that the Committee report to the House and ask for extra powers outside the order-of-reference.

Mr. RYCKMAN: This is an inquiry, not merely a committee proceeding.

The CHAIRMAN: These rules apply to the Standing Committees.

Mr. McMASTER: I understand that on this special point there is no difference of opinion, Mr. Chairman, between yourself and Mr. Porter. I understand that you are willing that this evidence should go in.

The CHAIRMAN: The evidence on all the points mentioned in his speech in the House?

Mr. McMASTER: No, this particular evidence.

The CHAIRMAN: I have no objection to that, but Mr. Porter was making a statement about the facts in his speech.

Mr. PORTER: The charge and the reference, as I understand it, is—

"The honourable James Murdock, Minister of Labour, did withdraw from the Home Bank at its Ottawa branch on the 15th day of August, 1923, two days before such bank's failure, thousands of dollars on deposit therein to his credit, using certain information he had received, as such Minister, of the likely immediate failure of said bank, and had received advantage and profit to himself to the extent of such withdrawals."

I am proving certain information of the likely immediate failure of the said bank.

The CHAIRMAN: I have not ruled the question out of order.

Mr. PORTER: I am trying my very best to keep within the line.

[Mr. J. F. M. Stewart.]

The CHAIRMAN: That is all right. As it is past one o'clock, I think we had better adjourn. If it is the wish of the Committee to meet this afternoon, we will have to make a request to the House to be allowed to do so. Is it the pleasure of the Committee that such a request be made?

Mr. HANSON: Some of us are on the Redistribution Committee which meets in the afternoon, and that is a very important Committee.

The CHAIRMAN: Then we had better adjourn until to-morrow morning.

Witness retired.

The Committee adjourned until Thursday, June 5th at 10.30 a.m.

HOUSE OF COMMONS

SELECT STANDING COMMITTEE ON PRIVILEGES AND ELECTIONS

INQUIRY

RESPECTING WITHDRAWALS BY

HON. JAMES MURDOCK

MINISTER OF LABOUR

OF HIS DEPOSITS FROM

THE HOME BANK OF CANADA

Minutes of Proceedings and Evidence

No. 3—JUNE 5, 1924

WITNESSES:

Mr. J. F. M. Stewart, Director of the Home Bank of Canada.
Mr. R. P. Gough, Director of the Home Bank of Canada.
Mr. S. Casey Wood, Director of the Home Bank of Canada.
Hon. G. P. Graham, Minister of Railways and Canals.
Hon. J. A. Robb, Acting Minister of Finance.

EXHIBITS

Filed with the Committee on June 4, 1924, during the examination of Mr. G. T. Clarkson, Liquidator of the Home Bank of Canada.

EXHIBIT No. 1

Home Bank of Canada (Ottawa Branch) Deposit Savings Account of Hon. James Murdock, M.P., covering period February 22, 1923, to August 17, 1923.

Name, JAMES MURDOCK

Occupation, Minister of Labour

Address, 200 Broadway Avenue, Ottawa

P/A form No. 85 authorizing Sadie McCool to sign full form.

1923	Cheque	Deposit	Balance	Days	Interest	Balance
	\$ cts.	\$ cts.	\$ cts.		\$ cts.	\$ cts.
Feb. 22.....	Forward	832 46	832 46			
	50 00		782 46			
28.....	10 00		772 46	1	1 93	
Mar. 1.....		233 33	539 13			
12.....	3 50		535 63			
			1,002 29			
16.....	25 00		977 29			
20.....	25 00		952 29			
22.....	50 00		902 29			
24.....	20 00		882 29			
27.....	12 00		870 29			
31.....		183 37	1,053 66	1	2 12	
April 3.....	10 00		1,043 66			
6.....	4 00					
7.....	1 00		1,038 66			
11.....	10 00		1,028 66			
12.....	45 00		983 66			
	39 50		944 16			
13.....	20 00		924 16			
20.....	2 00		922 16			
25.....	300 00		622 16			
30.....		518 48	1,140 64	1	1 55	
May 1.....	518 48		622 16			
	1,145 48	1,767 64				
1923						
May 1.....	Forward	622 16	622 16			
	50 00		572 16			
2.....	15 00		557 16			
9.....	11 53		545 63			
	55 20		490 43			
18.....	108 75		381 68	1	0 95	9 58
29.....	16 65		365 03			
31.....		9 58	374 61			
31.....		233 33	607 94			
June 1.....	33 00		574 94			
2.....	5 00		569 94			
7.....	9 00		560 94			
	40 00		520 94			
8.....	30 00		490 94			
9.....	3 30		487 64			
13.....	12 00		475 64			
21.....	10 00		465 64			
29.....	214 53		251 11			
30.....		600 00	851 11			
July 3.....		4,000 00	4,851 11			
		Balance	4,851 11			
4.....	4 00		4,847 11			
7.....	10 00		4,837 11			
	627 96	5,465 07				

Date	Cheque	Deposit	Balance	Days	Interest	Balance
1923	\$ cts.	\$ cts.	\$ cts.		\$ cts.	\$ cts.
July 7.....	Forward	4,837 11	4,837 11		0 63	
	8 75		4,828 36			
	505 00		4,323 36			
	173 85		4,149 51			
11.....	10 00		4,139 51			
16.....	50 00		4,089 51			
23.....	15 00		4,074 51			
		20 15	4,094 66			
24.....	45 40		4,049 26			
26.....	15 00		4,034 26			
28.....	46 25		3,988 01			
31.....	20 15		3,967 86	1	9 92	
		833 33	4,801 19			
Aug. 7.....	50 00		4,751 19			
8.....	400 00		4,351 19			
9.....	200 35		4,150 84			
11.....	0 60		4,150 24			
15.....	4,050 00		100 24			
17.....	20 00		80 24	$\frac{1}{2}$	0 10	10 65
	Interest	10 65	90 89			
1924						
May 27.....		4,050 00	4,140 89			

May 20th, 1924.

EXHIBIT No. 2

Copy of letter, dated May 7, 1924, sent by Mr. G. T. Clarkson to Hon. James Murdock, M.P., asking refund of money withdrawn by latter from Home Bank of Canada.

May 7th, 1924.

Hon. James Murdock,
Minister of Labour,
Ottawa, Ontario.

Dear Mr. Murdock,—The statement has been made to Mr. Weldon and myself, as Liquidators of The Home Bank of Canada, that withdrawals of funds from the Home Bank of Canada were made just prior to the suspension of the bank, and in some cases after its suspension, by various persons who received knowledge or an intimation of its affairs. The matter has come to the Creditors' Committee and Counsel for the bank, who inform us that it is our duty, as we believe it is, to take steps to have these withdrawals returned. We have already in a number of cases dealt with the matter and received returns. In going over the reports we notice the withdrawal by you from the Ottawa Branch of some \$4,000, and the statement made to us is that this money was withdrawn after banking hours. The contention is that you received a preference, which the Statute would not allow if the facts as stated to us are correct. Under these circumstances I have felt that I should write to you about the matter and ask whether you are prepared to return the money and rank as a Creditor against the Estate, receiving the 25 per cent dividend that has already been paid in the connection. I shall appreciate if you will be kind enough to let me hear from you as to whether you are willing to do so or not, or whether on the contrary, you would prefer to have the matter brought before the Referee for adjudication.

Yours truly,

G. T. CLARKSON.

EXHIBIT No. 3

Letter, dated May 14, 1924, sent by Hon. James Murdock, M.P., to Mr. G. T. Clarkson, enclosing refund of part of money withdrawn from Home Bank of Canada, and promising balance.

OTTAWA, May 14th, 1924.

Dear Mr. Clarkson:

I have your letter of the 7th instant, relative to my withdrawal of moneys from the Home Bank of Canada. On August 15th last I withdrew from the Home Bank, Ottawa Branch, \$4,050.00 and made this withdrawal in the ordinary course of business. In view, however, of what is set forth in your letter and what has been disclosed in connection with the bank's transactions in recent weeks, I propose to return the money which I then drew out. I may say that I do not think I am under any legal obligation to do so but no depositor of the Home Bank will suffer through any act of mine, and especially so in my position as a Minister of the Crown. I enclose to-day my cheque for \$1,050.00 and hope within a few days more to send you the balance, namely \$3,000.00. If, however, I am entitled to the benefit of the 25 per cent dividend already paid to depositors, I would understand that I should only have to pay \$2,000.00 more. I might add that although I had already a balance of \$80.24 or so there, and had filed my claim, I received no dividends on that.

Yours truly,

JAMES MURDOCK.

EXHIBIT No. 4

Copy of letter, dated May 16, 1924, sent by Mr. G. T. Clarkson to Hon. James Murdock, M.P., enclosing statement showing amount to be refunded to to Home Bank of Canada by Hon. James Murdock.

May 16th, 1924.

Hon. James Murdock,
Ottawa,
Canada.

Dear Sir,—

Re Home Bank of Canada

I am in receipt of your letter of the 14th inst. for which I am obliged. I send you herewith a statement of the amount which, under my computations, it will be necessary for you to refund. From it you will see that the 25 per cent dividend paid can be credited against the withdrawal and that the net amount only will be refunded.

Yours truly,

G. T. CLARKSON.

Enc.

(Note—The enclosure referred to is Exhibit No. 5).

EXHIBIT No. 5

Statement, dated May 20, 1924, sent by Mr. G. T. Clarkson to Hon. James Murdock, M.P., indicating amount of money to be refunded to Home Bank of Canada by Hon. James Murdock.

May 20th, 1924.

Memo. for—Hon. JAS. MURDOCK,
Ottawa, Ontario.

JAMES MURDOCK WITHDRAWAL ACCOUNT

15th August.....	Charge.....	\$4,050 00	Bal. \$4,050 00	Debit
16th May.....	Refunded.....	1,050 00	" 3,000 00	"
16th May.....	25% Dividend on Bal. (\$4,140.89).....	1,035 22	" 1,964 78	"
	Interest 5% Aug. 15th-May 16th.....	150 30	2,115 08	

EXHIBIT No. 6

Letter, dated May 26, 1924, sent by Hon. James Murdock, M.P., to Mr. G. T. Clarkson, enclosing cheque for \$2,115.08.

OTTAWA, May 26, 1924.

Dear Mr. Clarkson:

Acknowledging your letter of May 16, and your memo of May 20, *re* the amount which you compute is still due you as liquidator in connection with my withdrawals from the Home Bank on August 15, 1923.

I send you herewith cheque for \$2,115.08.

Yours truly,

JAMES MURDOCK.

Mr. G. T. Clarkson,
15 Wellington St. W.,
Toronto.

EXHIBIT No. 7

Actual size of this form 8½" x 3½"

*Home Bank of Canada Deposit Slip, dated July 3, 1923, for \$4,000.00, signed
by James Murdock.*

FORM 37

THE HOME BANK OF CANADA

SAVINGS BANK DEPARTMENT

Account No. 406.

Name—Hon. JAMES MURDOCK

Occupation

Address.....

Deposited by..... Seft.....

July 3

1923

SAVINGS		x	1		
		x	2		
		x	4		
	CH	x	5	4,000	-
		x	10		
		x	20		
		x	50		
		x	100		
Gold.....					
Silver.....					
Cheques.....					
				\$	
					4,000
					-

(Sgd.) JAMES MURDOCK

EXHIBIT No. 8

Twenty cheques drawn on Home Bank of Canada by James Murdock, between June 15, 1923, and August 14, 1923.

Date	Payable to	Amount	Issued by
1923		\$ cts	
June 15	City Collector.....	214 53	James Murdock, per S. McCool, Atty.
18	Photographic Stores Limited.....	10 00	" " " "
25	J. W. Kennedy.....	15 00	" " " "
26	J. E. McKenney.....	10 00	" " " "
30	Receiver General of Canada.....	505 00	" " " "
July 4	North American Life Assce. Co....	173 85	" " " "
4	Cash.....	4 00	" " " "
5	Ottawa Hunt and Motor Club.....	8 25	" " " "
7	Elena Murdock.....	10 00	" " " "
16	Big Brother Scout Council.....	20 00	" " " "
16	Cash.....	50 00	" " " "
21	The Plaunt Hardware Co.....	45 40	" " " "
21	Elena Murdock.....	20 15	" " " "
25	Canadian National Ry.....	46 25	James Murdock.
26	Cash.....	15 00	James Murdock, per S. McCool.
Aug. 6	Ottawa Hunt and Golf Club.....	0 60	James Murdock, per S. McCool, Atty.
6	Imperial Life Assce. Co.....	200 35	" " " "
7	Cash.....	50 00	" " " "
8	Acct. Nettie Murdock (transfer)...	400 00	" " " "
14	Cash.....	4,050 00	James Murdock.

Select Standing Committee on Privileges and Elections

MINUTES OF PROCEEDINGS

Room 268, HOUSE OF COMMONS,

THURSDAY, 5th June, 1924.

The Committee met at 10.30 a.m. Mr. Archambault, the Chairman, presided.

Present:—Messrs. Archambault, Cannon, Copp, Elliott (Waterloo), Ethier, Findlay, German, Hammell, Hanson, Jacobs, Johnston, Kelly, Kyte, Logan, Macdonald (Pictou), McMaster, Morrison, Porter, Ryckman, Sexsmith, Stewart (Hamilton), Stewart (Leeds), Vien—23.

Mr. Porter moved, and it was

Resolved, That the following witnesses be summoned at a date or dates to be decided on at a later stage in the proceedings, viz.,

1. David Cuthbertson of Ottawa.
2. E. C. Buchanan of Ottawa.
3. B. H. Campbell of Ottawa.
4. L. Lamb of London, Ont.
5. H. K. Munro of Glencoe, Ont.
6. Mrs. Marjory Powell of Ottawa.
7. J. C. Saunders of Ottawa.

Mr. J. F. M. Stewart, Director of the Home Bank of Canada, was recalled and was further examined, after which he was discharged from further attendance.

Mr. R. P. Gough, Director of the Home Bank of Canada, was called, sworn and examined, and was discharged from further attendance.

Mr. S. Casey Wood, Director of the Home Bank of Canada, was called, sworn and examined, and was discharged from further attendance.

Hon. G. P. Graham, Minister of Railways and Canals, was called and sworn. Mr. Porter, in the course of examining Hon. Mr. Graham, asked for the names of those present at a certain meeting of the Cabinet. Mr. German objected to the question, and the Chairman sustained the objection, whereupon Mr. Ryckman appealed from the ruling of the chair. On a vote being taken, the Chairman's ruling was upheld on the following division:—

Yeas,—Messrs. Cannon, Copp, Elliott (Waterloo), Ethier, Findlay, German, Hammell, Jacobs, Johnston, Kelly, Kyte, Logan, Macdonald (Pictou), McMaster, Morrison, Sexsmith—16.

Nays,—Messrs. Hanson, Porter, Ryckman, Stewart (Hamilton), Stewart (Leeds)—5.

The examination of Hon. Mr. Graham was concluded and he was discharged from further attendance.

Hon. J. A. Robb, Acting Minister of Finance, was called, sworn and examined, and was discharged from further attendance.

The Committee adjourned at 12.55 p.m. until to-morrow, Friday, 6th, June, 1924, at 10.30 a.m.

MINUTES OF EVIDENCE

COMMITTEE ROOM 268,

HOUSE OF COMMONS,

THURSDAY, June 5, 1924.

The Select Standing Committee on Privileges and Elections met at 10.30 a.m., Mr. Archambault, the Chairman, presiding.

The CHAIRMAN: When we adjourned, Mr. Stewart was on the stand.

J. F. M. STEWART recalled.

The CHAIRMAN: Mr. Porter has handed me a requisition for the following witnesses:—

Mr. David Cuthbertson, of Ottawa; Mr. E. C. Buchanan of Ottawa; Mr. B. H. Campbell, Manager, Royal Bank, Rideau Street Branch, Ottawa; Mr. L. Lamb, London, Ontario; Mr. H. K. Munro, Glencoe, Ontario; Mrs. Marjorie Powell, Ottawa; and J. C. Saunders, Deputy Minister of Finance, Ottawa.

Is it the pleasure of the Committee that the Clerk be ordered to summon these witnesses?

Carried.

The CHAIRMAN: I suppose, Mr. Porter, we will fix a day for the hearing of those witnesses at the close of this meeting, because we have other witnesses to be heard to-day. Some of them could be summoned, perhaps, for to-morrow, and others next week.

Mr. PORTER: I would like, if possible, that after the adjournment to-day we should go over until next week, until Monday or Tuesday. I am suffering rather severely from neuritis; in fact, I am advised that I should not really be here.

Hon. Mr. MURDOCK: It that all together fair, Mr. Chairman? It is two weeks to-day since the charges were made in the House, and I have been out of the House for that time. It seems to me that if the charges are in form with the hon. gentlemen who make them, they might have been reasonably pressed in order to give me an opportunity to present my defence. Some of those witnesses that have been brought here have given evidence, I will frankly tell you, that can be admitted; evidence by certain of those witnesses. I hold that it is just an attempt to delay this thing to prevent —

The CHAIRMAN: Order, Mr. Murdock; Mr. Porter has—

Hon. Mr. MURDOCK: That is the position I take.

The CHAIRMAN: Mr. Porter has been very diligent in calling witnesses, and we have done the best we could. Of course, it is very unfortunate that the matter is dragging, but we cannot prevent that. As to the adjournment from to-day—

Mr. PORTER: I will not press that, Mr. Chairman. We will go on to-morrow, or on Monday or any other day.

The CHAIRMAN: We will decide that at the end of the meeting. In connection with the examination of Mr. Stewart and other directors of the bank, you are aware, Mr. Porter, that these gentlemen are under arrest and out on bail?

Mr. PORTER: Yes.

The CHAIRMAN: And that although we have given them the protection of the Committee for all that they may say here, so that it cannot be used in another case, you understand that their examination should be limited to practically the things in the the order of reference.

Mr. PORTER: I shall keep away entirely from anything else.

By Mr. Porter:

Q. I was asking you, Mr. Stewart, when the Committee adjourned, about your visit as a director of the Home Bank to Ottawa, and I think you had proceeded so far as to say that you came to Ottawa and met certain members of the Cabinet here. Could you tell me now please, the names of all the members of the Cabinet that you met here—A. The Hon. Mr. Graham, the Hon. Mr. Robb, and the Hon. Prime Minister.

Q. Did you meet the Deputy Minister of Finance?—A. Yes.

Q. Did you meet these Ministers, or any of them, prior to your visit at the Premier's house?—A. Yes sir.

Q. Which of them did you meet?—A. Hon. Mr. Graham, and the Hon. Mr. Robb.

Q. Have you any knowledge personally as to how you got into communication with the Premier?—A. Either Mr. Robb or Mr. Graham got into communication with the Premier and arranged for us to see him.

Q. What was the object of your visit to the Premier, and the Cabinet Ministers? A. To tell them, as I knew the situation at that time, the position of the Home Bank.

Q. And did you do that?—A. Yes sir.

Q. Just in a word, what was the condition, was the bank solvent or insolvent at that time?—A. In a word, the condition was that the reserve of the Bank had been wiped out and the capital had been reduced about \$600,000.

Q. On that visit, were you looking, or expecting, to get some assistance in some way?—A. That visit was done on the advice of Counsel to lay the situation before the Government, the idea, of course, being that if co-operation could be secured from the Government it would be—

Q. If you were not successful in your efforts in getting assistance, what was your knowledge as to what the result would be, I mean, so far as the bank is concerned?—A. I told the Government at that time that the directors were not in a position to make the next monthly return, and unless something was done, the bank would have to close its doors.

Mr. ETHIER: He says he told the Government; it was not the Government. It was not an official meeting of the Cabinet. I understand that the witness met those gentlemen, but they were not the Government. It was not the Government that met at 12 o'clock midnight at the Prime Minister's house. I wish that to be corrected.

Mr. PORTER: He met certain Cabinet ministers.

Mr. ETHIER: The witness stated that he met the Government.

The CHAIRMAN: The witness should have said members of the Government.

By Mr. Porter:

Q. I think that I put it that they were certain members of the Cabinet. At that meeting did you get any assistance or assurance of assistance?—A. No sir.

Q. That was refused?—A. Sir?

Q. That was refused, so far as those members of the Cabinet were concerned?—A. I would not say that sir.

Q. What would you say?—A. There was nothing done.

Q. Did you see any members of the cabinet after that?—A. Yes sir.

[Mr. J. F. M. Stewart.]

Q. Have you told me all the persons who were present at the Prime Minister's house at that time?—A. Yes sir.

Q. Did you meet any members of the cabinet after that?—A. Yes sir.

Q. Where?—A. In the Chateau.

Q. That same night?—A. No sir.

Q. When?—A. The next morning.

Q. Which of them did you meet?—A. The Hon. Mr. Robb.

Q. Any other member of the cabinet or of the Government?—A. Mr. Saunders.

Q. Hon. Mr. Robb and Mr. Saunders?

By Mr. Kyte:

Q. Mr. Saunders is the Deputy Minister? A. The Deputy Minister of Finance.

By Mr. Porter:

Q. What was done there?—A. A word might straighten this out, Mr. Porter. My visit on the Tuesday night was really for the purpose of arranging for an interview with some member of the Government on the following morning when Mr. Wood and Mr. Gough would be here. On the following morning that you refer to now, Mr. Robb was good enough to come to my room at the hotel with the Deputy Minister, and there met in conference myself, Mr. Gough and Mr. Wood.

Q. What was the object of that meeting?—A. To give to Mr. Robb in more detail information that the other directors brought down with them that night.

Q. Was that done?—A. Yes sir.

Q. Did that alter in any manner the explanation that had been given the night before, or was it just elaborated?—A. It was more elaborate, and at that time a report that had been made by our counsel was handed to Mr. Robb.

Q. Is that all that took place at that meeting, and were those the only persons who were present at it?—A. Yes sir.

Q. What then was the conclusion arrived at at that meeting?

Mr. VIEN: Mr. Chairman, I do not believe that the conclusion arrived at has any bearing on the charge, and I think that that question is out of order. It is not my purpose to try to prevent any evidence from being given, but I believe that we should proceed regularly; and I submit that that is out of order, is irrelevant.

The CHAIRMAN: I was going to call the attention of Mr. Porter to that point, Mr. Vien; but I do not think he has many more questions to ask, and I did not want to restrict him.

Mr. PORTER: I just wish to ask a general question.

The CHAIRMAN: It is not the intention of the Committee to restrict you in any way, and in that connection, I resent what the newspapers said yesterday, as to restricting the inquiry, but you understand that you must stick to the reference and that these matters have been inquired into by Mr. Justice McKeown.

Mr. PORTER: But that is not evidence before this Committee.

The CHAIRMAN: It makes no difference whether the Government came to one conclusion or another; you have to prove here that Mr. Murdock knew that condition and that it was on account of his knowledge that he withdrew his money.

Mr. PORTER: Quite so, but I hope you will not hold me to proving that directly. It can be proven in different ways, and this is one of the ways I propose to offer.

The CHAIRMAN: I will let you go on for a few moments more.

Mr. RYCKMAN: The charge is that of withdrawing certain monies, using certain information, and surely we are entitled to show what that information was.

The CHAIRMAN: No doubt, Mr. Ryckman, you are entitled to show what this information was, if you can connect Mr. Murdock with it, but surely you cannot ask for all of the things that may have been discussed at a meeting of the cabinet.

Mr. RYCKMAN: Those gentlemen came to Ottawa bringing certain information, in effect, that unless certain things were done, the bank would have to close its doors. Our charge is that this certain information, whatever it is, was available to the Minister of Labour and that he withdrew the money; so what foundation there is for alleging that this question is not a proper question, I absolutely fail to see, because it goes directly to the point of what the information was.

The CHAIRMAN: What information those gentlemen gave to the members of the cabinet is absolutely relevant, but what conclusion the members of the cabinet arrived at after this information was given, surely you will not contend that that is relevant.

Mr. PORTER: Perhaps the form of the question could be changed. Was anything arrived at at that meeting?

The CHAIRMAN: What is the question?

By Mr. Porter:

Q. Was anything arrived at as a result of this meeting, as to what should be done? A. It was decided that we should present the information to the Chairman of the Bankers' Association.

Q. Where?—A. In Montreal.

Q. You say that, "we should present it;" whom do you mean by "we"?—A. Hon. Mr. Robb, or someone in his Department, arranged with Sir Vincent Meredith that we should see him. We went to Montreal and Mr. Robb followed on a later train, and together we did see Sir Vincent Meredith.

Q. When you say "we" do you include Mr. Gough, Mr. Percy Woods, yourself?—A. The four of us.

Q. Did the Deputy Minister, whose name you have not mentioned, go to Montreal as well?—A. No sir; he was not at the conference anyway.

Q. When did you go to Montreal?—A. On a Wednesday afternoon.

Q. Arriving at Montreal did you have an interview with Sir Vincent?—A. Sir Vincent saw us that night at his home.

Q. When you say "us," do you include all the parties?—A. Yes, sir.

Q. If there is any occasion when you had an interview which did not include all four of you, I wish you would mention it?—A. Yes, sir.

Q. And was the position of the bank laid before the Bankers' Association—or Sir Vincent?—A. Yes sir. The position as we knew it, sir.

Q. In the same manner as it was laid before such of the members of the Cabinet as you saw here?—A. Yes sir.

Q. And what was the object of that meeting with the Bankers' Association or Sir Vincent?—A. We presented the plan both to the Government and the Bankers' Association, whereby we thought we might save the difficulties that later developed.

Q. What was the plan, Mr. Stewart? I do not want this in all its details, but, in general, what was the plan?

[Mr. J. F. M. Stewart.]

Mr. VIEN: Mr. Chairman, I have refrained from objecting too much, but again I am obliged to draw the attention of the Committee to the fact that we are not presenting here all of the evidence that was adduced before Mr. Justice McKeown, and besides that, we must link this information of what has taken place up with Mr. Murdock, who is before your Committee.

The CHAIRMAN: I think Mr. Vien is right, Mr. Porter, unless you convince me that this evidence is relevant—what is your purpose?

Mr. PORTER: My purpose is to show that a member of the Cabinet had information—I say “a” member of the Cabinet; I do not say which member—of the details of the efforts to pull the bank out of the hole, which failed.

The CHAIRMAN: That is admitted.

Mr. PORTER: Oh no, nothing is admitted.

Mr. GERMAN: Why cannot Mr. Robb tell that right off the reel?

Mr. LOGAN: What harm can this evidence do?

Mr. JOHNSTON: There are others of us here who are not of the legal fraternity, and we would like to have this evidence put in so we can understand it. Mr. Porter's point seems to be all right.

Mr. PORTER: The report of Mr. Justice McKeown is not available to this Committee at all, and is not in evidence; even the statement of the Minister in the House is not in evidence. I have to prove my case in detail, if the evidence can do it, and it seems to me a matter of justice to the Minister as well as to myself that I should be allowed to put this question.

Mr. VIEN: For the time being I will withdraw my objection, but I would like to point out to the Committee that this is a matter of proving that the Minister, Mr. Murdock, had full knowledge of this, not as an ordinary individual, but as a Minister of the Crown. The facts concerning which Mr. Porter is now examining the witness are well known; they are not contradicted.

Mr. RYCKMAN: But they are not in this record.

The CHAIRMAN: I understand your objection, Mr. Vien, but, at the same time I do not want Mr. Porter to say that we restricted him, so if he wishes to be brief in this matter, let him go on.

The WITNESS: Would you allow me to remark, Mr. Chairman, that Mr. McKeown, in his investigation refrained from calling myself and the other directors on account of the position we were in.

Mr. HANSON: Because you were under indictment?

The WITNESS: This don't protect us in any material form; it is no good.

The CHAIRMAN: As I said at the opening these gentlemen are under arrest, and have been afforded the protection of this Committee, but I am not sure that it is worth very much before the courts.

Mr. ETHIER: You cannot give protection—

The CHAIRMANS I am not so sure that when their case came up this evidence will not be used.

Mr. PORTER: I shall avoid asking any questions of the witness which he thinks, or which any member of this Committee might think would incriminate the witness. If the witness thinks any answer he is asked to give may incriminate him, he may object to it, and I will not press it. I am only asking such questions as I think could not, under any possibility, injure the witness, but am trying to bring out the facts, and I want to lay them before this Committee.

The CHAIRMAN: It might injure him in this way, that if they were asked here if they knew the position of the bank, and that the bank was insolvent at the time, it might interfere with their defence in a criminal action.

[Mr. J. F. M. Stewart.]

Mr. HANSON: That could not be by this question.

Mr. PORTER: May I point out that this is an honest effort on the part of the witness and his confederates to pull the bank out of the hole; that is all; it is nothing that would possibly injure the witness.

The CHAIRMAN: But as to whether they elaborated a plan to get the bank out or not - out of its difficult position— I wonder what reference this has to the present inquiry, whether they formulated a plan which was accepted or not by the Bankers' Association, I do not see how it could bear on the inquiry.

Mr. PORTER: Perhaps I can put it in a way which will not be objectionable

The CHAIRMAN: Then do you withdraw your last question?

Mr. PORTER: Yes.

By Mr. Porter:

Q. Was any conclusion arrived at at that meeting by which any assistance was given to the bank?—A. No sir.

Q. And was that the general result of your meeting with the Bankers' Association?—A. That was the whole result.

Q. You laid this plan, discussed it, but nothing was done?—A. Correct.

Q. Then you returned to Toronto? You did not come back to Ottawa, did you?—A. No sir.

Q. Did your co-directors accompany you to Toronto?—A. Yes sir.

Q. They did not come back to Ottawa either?—A. No sir.

Q. Then that was the last, and those were the only interviews that you, as a director, had with members of the Government?—A. Yes sir.

Q. Apart from your personal interview, did you have any communication with them in any other way?—A. No sir.

Q. Or with any members of the Government?—A. No sir.

Mr. HANSON: Or with any Deputy Minister?

By Mr. Porter:

Q. Or with any deputy minister, is suggested?—A. No sir.

Q. On your return to Toronto was there called a meeting of the directors of the Home Bank?—A. Yes sir.

Q. And what had taken place between yourself, your co-directors, and the members of the Government whom you had seen in the intermission, was laid before your Board?

The CHAIRMAN: I have to rule this question out of order. This has no bearing at all on this inquiry—what happened when they got back to Toronto. You realize that yourself, Mr. Porter.

Mr. PORTER: No, Mr. Chairman, I do not, to this extent; that on the return to Toronto a report was made—I am not asking what the report was—but the report was made, and in consequence of that the bank closed its doors. That was the thing that closed the doors for them.

Mr. GERMAN: That is right; go on. Answer the question.

The CHAIRMAN: If you put your question that way, it was all right; "What was the result?"

By Mr. Porter:

Q. Was the result of your visit laid before your co-directors?—A. Yes sir.

Q. And in consequence of that report, and what you had done, not only in Montreal, but in Ottawa, the bank issued a notice that day to close its doors?—A. The bank directors took action on the Friday—the day we returned to Toronto.

Q. And that action was the closing of the bank?—A. Yes.

[Mr. J. F. M. Stewart.]

Q. Following the closing of the bank—immediately upon the closing of the bank—a curator took possession?—A. Yes, sir.

Q. Who was the curator?—A. Mr. Barker.

Q. And he remained in custody of the affairs of the bank until Mr. Clarkson, who was here yesterday, was appointed liquidator?—A. After he was appointed I was off the job.

Q. You were not there then?—A. That is what happened, as a matter of fact, yes.

Q. You were not aware of any one else who had anything to do with it, but the curator and Mr. Clarkson?—A. No, sir.

Q. And in your interview at the Prime Minister's house was there an undertaking or promise or arrangement of any kind that the matter would be taken up in Council?—A. No, sir.

Q. By any of the ministers?—A. No, sir.

Q. Did you make any request to that effect?—A. No, sir.

Q. That it be further considered?—A. No, sir.

Q. Was a request of that kind made by any of your directors?—A. That was the whole purpose in giving them the information.

Q. What was?—A. To see if there was any place where they would or could co-operate.

Q. Was anything said about it being brought before the Cabinet?—A. No, sir; the facts were given.

Q. Were any requests made?—A. The whole interview was the idea of giving the facts and getting co-operation.

Q. What do you mean by "getting co-operation"—from whom?—A. I don't know, and I don't think anybody knew just what or in which way the Government could co-operate.

Q. Did you expect the Government to co-operate?—A. Certainly, in the first instance.

Q. And of course, you would be aware that action could not be taken at an informal meeting such as you had there?—A. I was quite aware of that, sir.

Q. And to get any results or any action would have to be by the Cabinet?—A. Quite.

Q. So you knew, and the members of the Cabinet whom you met that night knew that was your object?—A. That was the whole purpose, sir.

The CHAIRMAN: I think the witness has already answered that question, Mr. Porter.

By Mr. Porter:

Q. I will ask you generally, Mr. Stewart—I think you did tell me that was the only interview you had of any kind or description with any members of the Cabinet?

The CHAIRMAN: Mr. Porter, don't you think you should specify the dates? That is, before the 15th of August.

Mr. GERMAN: He has already said he did not have any interviews at any time, with anybody else.

Mr. PORTER: I think he did, yes.

By the Chairman:

Q. Mr. Stewart, do I understand you to say that at the Premier's house that night the members of the Government who were there referred you and your co-directors to the Bankers' Association at Montreal?—A. No; that night they arranged for Mr. Robb to meet us the following morning, and it was the following morning that it was decided we would go to the Banker's Association in Montreal.

[Mr. J. F. M. Stewart.]

Q. On Mr. Robb's suggestion?—A. Yes.

Q. And he went with you?—A. I would not say on Mr. Robb's suggestion, because it was already in a letter we had from our counsel that the facts should be presented to the Government and the Bankers' Association, but Mr. Robb did accompany us to Montreal.

Q. And what time of the morning was it you had your interview with Mr. Robb at the hotel?—A. I cannot say definitely, but it was fairly early in the morning, after the Toronto train came in and the men had their breakfast; it must have been 10 o'clock anyway.

Q. And what train did you take for Montreal?—A. The directors took a train shortly after lunch, or around lunch-time; Mr. Robb was not on the same train.

Q. He came down in the afternoon?—A. I think so.

By Mr. Ryckman:

Q. Mr. Stewart, have you had any interview or communication since the 17th of August with the Minister of Labour, or any one on his behalf?—A. No, sir.

By Mr. Logan:

Q. Mr. Stewart, at the end of the interview with the Prime Minister, you still had hope of saving the bank, had you not?—A. No, sir.

Q. Why did you go to Montreal?—A. We thought some arrangement might be made whereby the bank might be taken over, but we never expected it to continue as a going concern. It was to save the depositors we were working for at that time.

By the Chairman:

Q. I understand if your plan had gone through with the Bankers' Association, the depositors might have been saved?—A. That was our hope.

By Mr. Johnston:

Q. What was the date that you met the Bankers' Association in Montreal?—A. That would be on the 15th, sir.

Q. At night?—A. When you say "Bankers' Association"—it was Sir Vincent Meredith.

Q. What hour of the day?—A. Our appointment with him was at his house at night—eight or nine o'clock.

By the Chairman:

Q. When you left Ottawa to go to Montreal you still had hopes that the depositors might be saved if your plan succeeded with the Bankers' Association?—A. We had the plan to present to the Bankers' Association to save the depositors, yes, sir.

Q. And you realized that your plan failed only after that interview with Sir Vincent Meredith on the night of the 15th?—A. No, sir; Sir Vincent Meredith did not give us a definite answer until the following morning.

By Mr. Logan:

Q. What morning would that be?—A. That would be the morning of the 16th.

(Witness discharged.)

RICHARD P. GOUGH: called, sworn and examined:

By Mr. Porter:

Q. You were one of the directors of the Home Bank?—A. Yes, sir.

[Mr. J. F. M. Stewart.]

Q. And were such until what time?—A. What is that, sir?

Q. You were a director until what time?—A. Until the bank suspended; until the Liquidator took charge, because we were still a directorate while the Curator was in charge.

Q. Did you, as such director of the Home Bank, pay a visit to Ottawa about the 15th of August, 1923?—A. Yes, sir.

Q. How did you come to make that visit?—A. Why, we had gotten a statement of the affairs of the bank on the 7th of August from the Acting General Manager, and it contained—

Q. May I ask who the Acting General Manager was?—A. Mr. Calvert.

Q. Go on?—A. That statement contained a list of losses which was a surprise to me, and it immediately put the directors upon inquiry, and we made an investigation and called in counsel, and through his advice we went to Ottawa.

Q. For what purpose?—A. To lay our case before the Finance Minister.

Q. What was your case? That is the general question; I do not want it in detail.—A. Our statement which we had presented to us showed certain losses.

Q. In consequence of that statement had you determined that you must have assistance or otherwise the bank must suspend?—A. Yes, I should say so.

Q. Then, was it your idea in visiting Ottawa to get advice as well as assistance, if possible?—A. It was not assistance so much as a matter of duty of the directors to present what we had found out before the proper people.

Q. You arrived in Ottawa when?—A. I think it was on the morning of the 15th, sir.

Q. The 15th of August, 1923?—A. Yes, sir.

Q. And Mr. Stewart, the last witness, had preceded you to Ottawa?—A. Yes; he left at noon the day before.

Q. And he was on the same mission, was he?—A. Yes, sir.

Q. Your visit here was authorized by the Board of Directors?—A. Yes, sir.

Q. Then, on your arrival here, did you see any of the Ministers of the Government?—A. Yes, sir.

Q. Whom did you see?—A. The Hon. Mr. Robb, and his Deputy, Mr. Saunders, I think his name was.

Q. Any others?—A. No, sir.

Q. Did you communicate in any way to anybody else the condition of the bank, excepting to the Minister and the Deputy whom you met?—A. Excepting our counsel.

Q. Excepting your counsel?—A. Yes; nobody else, sir.

Q. Then were you made aware on your arrival here of a meeting by Mr. Stewart with some members of the Cabinet the evening before?—A. Yes; he told us practically what he has told here in his evidence.

Q. In the presence of Mr. Robb and his Deputy, generally what took place the night before?—A. I cannot recall just what he said, but I knew from what he told us that he had seen certain members of the Cabinet.

Q. What I mean is, was that in the presence of Mr. Robb and his Deputy, when you were in general discussion?—A. No, I don't remember whether Mr. Robb was there or not.

Q. You cannot say whether he was there or not?—A. Mr. Robb?

Q. Yes?—A. I cannot swear, sir, no.

Q. And as a result of that interview with Mr. Robb and his Deputy was any assistance offered you?—A. Well, Mr. Robb was certainly very much exercised over the situation, and he listened to what we had to say and seemed quite willing to do anything he could to assist by giving us counsel, and he was

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really, like ourselves, trying to find a way out, and to conclude what was the best thing to do.

Q. It has been called to my attention, Mr. Gough, that an effort was made to get a deposit from the Government?—A. No.

The CHAIRMAN: I object to that; I don't see that this has anything to do with it.

Mr. GERMAN: The witness has answered the question. He said "no."

The CHAIRMAN: We must stick to the reference.

Mr. PORTER: If there are any objections to my questions, I will try to limit them still further, if I can.

The WITNESS: As a matter of fact, I do not think that is it; I do not think he was talking a deposit at that time, Mr. Porter. I did not hear of it anyway.

By Mr. Porter:

Q. Then, as a result of your interview that morning, with Mr. Robb and his Deputy, what did you conclude to do?—A. Well, we concluded to go to Montreal and lay our case before the Bankers' Association. The President of the Bankers' Association was Sir William Taylor, but he was not in Montreal and we met Sir Vincent Meredith—

By the Chairman:

Q. You were referring first to Sir Frederick Williams-Taylor?—A. We were to have met him, I think, first, but he was out of town and we met Sir Vincent Meredith.

Q. That night?—A. Yes, at his home.

Q. Do you recall what time that was?—A. Mr. Robb called at our hotel, the Ritz Carlton, about ten minutes of nine.

Q. That was on the 15th?—A. Yes, the 15th.

By Mr. Porter:

Q. And your interview lasted how long?—A. About an hour and a half, sir.

Q. Did you get any final answer that night?—A. No, there was a general discussion. Mr. Wood, one of our directors, presented the case very fully for the bank and for the directors, but Sir Vincent wanted until the next day to consider what should be done.

Q. And that was the result of your interview that night?—A. Yes, sir.

Mr. McMASTER: Mr. Porter, would you ask him if they got any word from Sir Vincent Meredith the next morning?

Mr. PORTER: Yes, I will follow that up.

By Mr. Porter:

Q. That is practically all that took place that night?—A. Yes, sir.

Q. Now, up to that time, had you seen any other members of the Cabinet other than the Hon. Mr. Robb?—A. No, sir.

Q. Had you any communication with them of any kind or description?—A. No, sir.

Q. Had you before them, or have you had since?—A. Well, I called on the Prime Minister afterwards, but it was three or four weeks. I should think, after the curator was appointed.

Q. Then following up the interview you had, did you see Sir Vincent the next morning?—A. No, sir. He sent his Secretary up to our hotel and delivered to us a message that he had communicated with the Bankers' Association and, as I remember it, with Sir John Aird in Toronto, and he said that our duty was to go back to Toronto and see Sir John Aird, and he would suggest that a curator be appointed at once.

[Mr. J. F. M. Stewart.]

Q. Then no help was forthcoming from Montreal?—A. No, sir.

Q. And you returned to Toronto then?—A. We returned the night of the 16th, arriving in Toronto on the 17th.

Q. Did all three of the directors return to Toronto that night?—A. Yes, sir.

Q. After the message came from Sir Vincent Meredith, had you any further interview with the Hon. Mr. Robb, that day?—A. No. The last I saw of Mr. Robb was the night we were at Sir Vincent Meredith's. I remember he accompanied us back to the hotel, and we bade him good-night, and that ended the interview, and I did not see him afterwards.

Q. Then you returned to Toronto that night, and did you follow the advice given by Sir Vincent Meredith to see Sir John Aird?—A. Yes.

Q. Sir John Aird is a representative of the Bankers' Association?—A. Mr. Wood saw Sir John Aird the next day.

Q. You did not see him yourself?—A. I did not see him myself.

MR. PORTER: Then you need not mention anything about that.

By Mr. Porter:

Q. You arrived at Toronto on the morning of the 17th?—A. Yes.

Q. And the bank suspended payment at the close of banking hours that day?—A. Yes, sir.

MR. PORTER: Take the witness.

THE CHAIRMAN: Any Questions the members wish to ask?

(The witness discharged).

S. CASEY WOOD, called, sworn and examined:

By Mr. Porter:

Q. Mr. Wood, you were one of the directors of the Home Bank?—A. Yes, sir.

Q. And continued as a director up until what time?—A. Up until the liquidator was appointed.

Q. And as such director did you pay a visit to the Government at Ottawa?—A. I came down on the morning of the 15th and saw the Hon. Mr. Robb, the Minister of Finance.

Q. And his Deputy?—A. Yes, and his Deputy.

Q. Did you see any other members of the Cabinet, or the Government?—A. No.

Q. That is, at any time prior or up to the 17th of August?—A. No, sir. I was very busy, Mr. Porter, before that with the bank.

Q. Now, I do not want to go into all the details of this matter. Have you sat here and heard the evidence of Mr. Stewart and Mr. Gough, your co-directors?—A. Yes, sir.

Q. You have heard the questions that have been asked them?—A. Yes, sir.

Q. And the answers they have given?—A. Yes, sir.

Q. Do you agree, substantially in detail, with their evidence as given in the answers to the questions they were asked?—A. So far as my participation in them, I do not know what took place with Mr. Stewart before we got to Ottawa.

Q. And after that, you were present at the interview spoken of?—A. Yes.

Q. Both in Ottawa and Montreal?—A. Yes.

[Mr. S. Casey Wood.]

Q. And you agree with the details as told to us in regard to that?—A. Yes. There may be a slight, little variation, but substantially and practically I would confirm everything they have said.

Q. Then the Committee can understand from that answer, Mr. Wood, that in no material respect do you differ from the answers that were made to the question put to your co-directors?—A. That is correct, yes.

Q. On any occasion when you were present?—A. That is correct.

Q. And you were present on all the occasions excepting the night of the 14th of August?—A. That is correct, yes.

Q. Did you have any communication with any ministers of the Crown while you were here, excepting Mr. Robb?—A. No, sir.

Q. Either verbal, written or otherwise?—A. In no shape or manner or form whatsoever.

Q. Did you communicate to any other person while in Ottawa the condition in which the bank was represented to be?—A. No.

Q.—to Mr. Robb?—A. No.

Mr. PORTER: I suppose you would be very careful not to do that. That is all.

(The witness discharged).

Hon. GEORGE P. GRAHAM, called, sworn and examined:

By Mr. Porter:

Q. You are Minister of Railways and Canals?—A. Yes.

Q. Of the present Government?—A. Yes.

Q. And have been during the term of the Government?—A. Yes.

Q. I was mistaken there. I said, "the term of this Government"—A. I was Acting Minister for most of the time when Mr. Kennedy was Minister.

Q. Were you Minister of Railways and Canals during the year of 1923?—A. Certainly.

Q. In August of that year?—A. Yes.

Q. When did you first become aware of the Home Bank being in difficulties, or wanting any assistance?—A. Well, I cannot give you the date, because I don't remember the date. The first intimation I had of a serious character was when I was called up one night by 'phone by a gentleman who turned out to be Mr. Stewart. I was at one of the Clubs. I came into town and met Mr. Stewart and we saw the Acting Finance Minister. I might say Mr. Stewart told me something about this before we saw the Acting Finance Minister—

Q. The Hon. Mr. Robb?—A. Yes, and I told him the practical way was to see the head of the Finance Department, so we saw Mr. Robb, and I think he sent for his Deputy.

Q. Where and how did you meet Mr. Robb?—A. I do not know whether it was in Mr. Robb's room or Mr. Stewart's.

Q. Did you communicate with him?—A. Surely.

Q. By 'phone?—A. By 'phone.

Q. And as a result of your 'phoning him he came to where you were?—A. As a matter of fact, if I remember correctly, he was living at the hotel.

Q. And he either came to Mr. Stewart's room or you went to his room?—A. One or the other; I forget which one.

Q. Did you communicate with any other member of the Cabinet or the Government?—A. One of us communicated with the Prime Minister—I forget whether it was Mr. Robb or myself—and made an appointment to go to his house the same evening, which we did.

[Hon. George P. Graham.]

Q. Did you communicate with any other member of the Government than the Prime Minister?—A. No, I think not.

Q. Are you sure of that?—A. Well, it is so long ago I can hardly be positive, but I feel positive no other person was communicated with; as far as I can remember, there was not.

Q. And you visited the home of the Prime Minister?—A. Yes, sir.

Q. That night, at about—A. Well, it was late.

Q. About midnight?—A. Midnight, or shortly before.

Q. It must have appeared to you as a very important matter?—A. It did.

Q. To get the Prime Minister from a social entertainment to meet you at that hour of the night?—A. I did not say I got him from a social entertainment; he was at his house.

Q. He says so himself, I think?—A. I would not dispute it.

Q. Do you confirm what has been said before as to who were present at the Prime Minister's House? Or you might mention them yourself?—A. The Prime Minister, Mr. Robb, and I think Mr. Saunders, Mr. Stewart and myself.

Q. And you say, Mr. Graham, that there was no other person present on that occasion?—A. I think there was no other person present.

Q. Can you be positive about that?—A. Well, fairly positive, but a man does not charge his memory with these things. Those are the only ones I can recollect who were there, and I think they are the only ones who were there.

Q. You have been here and heard the other witnesses?—A. Yes, I heard Mr. Stewart and Mr. Gough and Mr. Wood.

Q. You did hear them?—A. Yes, I was sitting here when they gave evidence.

Q. I do not want to lengthen this out any more than I can help. Do you confirm or agree with what they have said as to what took place at the Prime Minister's house—

Mr. GERMAN: Mr. Stewart is the only one who was there—

The WITNESS: Mr. Stewart is the only man whom I saw.

By Mr. Porter:

Q. Do you confirm or agree with what he said?—A. Yes. Mr. Stewart substantially told the facts as I remember them.

Q. Is there any respect in which you differ from him, Mr. Graham?—A. No, I think not.

Q. Did you, after that interview, communicate the fact of the interview to anybody else?—A. No, I think not.

Q. You can be positive about that?—A. Yes.

Q. You did not communicate that to anybody?—A. No.

Q. Even the fact of having an interview?—A. No. I considered it a very secret matter on account of the seriousness of the situation.

Q. And, as a consequence, you were very careful that it should not be mentioned?—A. I considered I had the facts in confidence.

Q. Yes. Taking what Mr. Stewart has said of the details of what took place there that night, did you meet Mr. Stewart and his co-directors after that?—A. No.

Q. Did you meet any of them?—A. No.

Q. At any time?—A. No.

Q. Had you any communication with them?—A. No.

Q. Of any form, shape, or kind?—A. No.

Q. That was the night of the 14th—A. I would not swear to the date.

[Hon. George P. Graham.]

Q. Was there a meeting of the Cabinet the following day?—A. I think there was.

Mr. CANNON: One moment, Mr. Chairman. I do not know what my hon. friend wishes to prove, but if he intends going into evidence of what took place at a Cabinet meeting I think objection should be taken.

The CHAIRMAN: I think Mr. Porter is well aware of the facts regarding this kind of evidence. He knows nothing can be divulged—

The WITNESS: There will be no trouble about that.

By Mr. Porter:

Q. There was a meeting on the following day—on the 15th?—A. I think so.

Q. And what time did the Cabinet meet or adjourn that day?—A. I cannot tell you that. Some days we meet at 11 and adjourn fairly early and meet again in the afternoon, and other days we meet at two o'clock and sit right on until evening.

Q. On that particular day, can you recollect about what time?—A. No, I have no recollection; I did not charge my mind with it at all.

Q. Is there any way by which you can tell, Mr. Graham, what time the Council adjourned that day?—A. I do not know of any way you could find out. I do not think there is any record kept of the time the Council adjourns.

Q. Is there any record kept, Mr. Graham, of the time when the Council meets and when it is adjourned?—A. There is a notice usually sent out calling the Council together at a certain time, but there is no record I have ever seen telling the time of adjournment.

Q. Will you tell me, Mr. Graham, who was present at the meeting of Council?

Mr. CANNON: Objection—

The WITNESS: I don't know as I ought to tell, but as a matter of fact, I could not anyway.

The CHAIRMAN: Mr. Porter, I will not allow this evidence—

Mr. PORTER: As to who was there?

The CHAIRMAN: No.

Mr. PORTER: There is no privilege there.

HON. Mr. MACDONALD: Mr. Graham says he could not tell you anyway.

Mr. HANSON: That is beside the point.

The CHAIRMAN: There was a ruling given by Mr. Justice McKeown at the inquiry into the Home Bank in which he ruled that a Minister could not even give the names of the members who were present.

Mr. HANSON: That is not binding on this Committee.

The CHAIRMAN: The ruling is found at page 563 of the Royal Commission's proceedings:

“Mr. REID: I understand that is the ruling, but where there is a matter of such great public importance as this it is important for the public and the shareholders and depositors to know what took place.

“His LORDSHIP: You need not argue, it will be excluded, I have a very strong feeling about it.

“Mr. REID: Does your Lordship also rule that Mr. King is not allowed to tell us who was present at a meeting sitting as a Cabinet?

“His LORDSHIP: I do not think that would be admissible.

“Mr. REID: There is a record of the attendance.

“His LORDSHIP: Perhaps you can get it in some other way, but nothing that took place in the Privy Council would be admissible. I

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remember having that same question before me in connection with Mr. Fleming's investigation at the time when his acts as Premier of the province were challenged. It was sought to be shown that certain things had taken place in the meetings of the Government, it did not seem to me then to be admissible and it does not now."

You will see, Mr. Porter, that Mr. Justice McKeown ruled that Mr. King could not give the names of the other members of the Cabinet present, and I will follow that ruling.

Mr. PORTER: I agree with Mr. Hanson that that is not binding on this Committee. I differ very materially from the ruling of Mr. Justice McKeown, eminent as he may be. I am not asking the question of what took place in Council, or an answer to which might make disclosures of what did take place in Council.

Hon. Mr. MACDONALD: Why should we labour with this matter at this time when the witness has stated that he does not remember who was at the Council?

Mr. CANNON: The witness said he is not in a position to answer.

The CHAIRMAN: I give this as a warning to Mr. Porter that I will not allow any such evidence. Perhaps Mr. Justice McKeown's ruling is not binding on this Committee, but in order to arrive at a decision, the Chairman must follow precedents, and here is a precedent. I think that May and Todd are of the same opinion.

Mr. PORTER: Do you find anywhere in Todd or May that the names of the Cabinet may not be stated?

The CHAIRMAN: I cannot find any mention regarding names, but there is a question of privacy and secrecy of what happens.

Mr. HANSON: Oh, there is no question about that.

Mr. PORTER: That is a different thing.

The CHAIRMAN: I wish to point out Todd, Volume 2, page 240:—

"The deliberations of the Cabinet upon all matters which engage their attention are strictly private and confidential; being kept secret even from the other members of the Administration, who have no seat in the Cabinet, and who therefore are not directly responsible for the conduct of the Government. Upon their first introduction into the Privy Council, Ministers are invariably sworn to secrecy. Hence they are not at liberty, thenceforth, to divulge conversations or proceedings in Council or to reveal to others any confidential communications they may have had, either with the sovereign or with a colleague in office—without express permission from the Crown. This applies equally to those who have ceased to form part of an administration, as to members of an existing government. No secretary or clerk is permitted to be present at meetings of the Cabinet Council; neither is any official record kept of its proceedings."

I surmise from that there is no official record kept of the proceedings, there is no record of the names of the members who were there, and this question of privacy applies to the names of the members of the Council.

Mr. PORTER: Mr. Chairman, you will notice in what you read from Todd that it says, "Any transactions of the Council, any dealings with the Council, or any conversation or business had." It does not extend that rule to the non-disclosure of who may be there.

The CHAIRMAN: I have to follow the ruling of Mr. Justice McKeown.

[Hon. George P. Graham.]

Mr. HANSON: I think we ought to appeal against that.

Hon. Mr. MACDONALD: What is the sense of labouring with this matter when Mr. Graham says he could not tell us, or answer the question, if it was not illegal?

Mr. LOGAN: They are looking for a chance to appeal.

Mr. RYCKMAN: You will note that the remarks of Mr. Justice McKeown were given upon the question of whether what took place was privileged. It is true he did say what you have just read, but, while what takes place is absolutely privileged, the question of who was there is certainly not.

The CHAIRMAN: The decision of Mr. Justice McKeown is absolutely to the point. They were asking Mr. King who were the other members of the Cabinet present at that meeting, and he would not allow this evidence. It seems to me—

Mr. PORTER: That he was badly advised at that time. He probably had to rule on the Order, but I have read that decision of the Chief Justice, and looked it over very carefully, and I must say I cannot find anywhere in there where disclosures of names of persons attending the Council are privileged. It does not give any one information of what took place at the meeting.

The CHAIRMAN: I intend to follow that ruling, but I understand the witness has already answered, and so, as Mr. Macdonald suggested, why labour on this matter now?

Mr. HANSON: Let us go a little farther. Take the case of any privileged communication in a civil action for libel. The fact that such a meeting took place is relevant, but all the communications themselves are not, because of this privilege.

The CHAIRMAN: Yes, but there is a difference between a civil action and a meeting of the Council. In a meeting of the Council the Ministers take oath, and their oath of office prevents them from disclosing anything.

Mr. CANNON: I make no objection to the fact that there was a Cabinet meeting.

Mr. HANSON: Or who was present?

Mr. CANNON: I made an objection to anything that took place.

Mr. HANSON: Mr. Cannon's objection was not aimed at any particular question, but it was aimed at what he feared might follow.

Mr. PORTER: Is it not a privilege that is to be claimed by the witness, anyway?

Mr. McMASTER: Is not this discussion more or less of an academic nature just at present?

The CHAIRMAN: Well, Mr. McMaster, yes.

Mr. McMASTER: Because the witness has stated that he does not remember. If there were an appeal made from this ruling, I would be sorry to have it made before the question was still more fully gone into. I understand from what you read, Mr. Chairman, that Mr. Justice McKeown has held that it is against the oath of a Privy Councillor even to divulge what other members of the Council were present. Now, you have read in support of that a citation from May or Todd, I forget which—

The CHAIRMAN: Todd.

Mr. McMASTER: —and in listening carefully to your reading of that authority it did not seem to go quite so far as Mr. McKeown went.

The CHAIRMAN: I read the authority on the general principle first, but what I wanted to point out especially was the fact that there was no record

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kept; not even any clerk was present at the meeting of the Council, so following that up, there being no record even of the members, it must follow that it is private just as well as anything that transpired.

Mr. McMASTER: I would say that the argument might be just the other way. This is the principle I would lay down; I would say that privilege and secrecy are the exception to the rule. The rule is in Courts of Justice or any committee clothed with the functions of a court of Justice, that openness and publicity must be the rule, secrecy and the privilege of secrecy the exception, but without hearing further authorities on that point I would doubt very much whether a Privy Councillor has the right to refuse to divulge what other Privy Councillors were there. It seems to me that is somewhat extending the principle of the secrecy of a Privy Councillor. As I say, the matter seems to be of academic interest just at present, but it may come up again in the course of this inquiry, and if a vote were taken, before I was called upon to vote I would be very glad to have all the authorities placed before us, because although I can quite see the advantage or necessity for secrecy as to what transpires in Council, the same necessity or advantages as to the members or the persons who were at Council does not appeal to me.

Mr. GERMAN: I think quite the reverse. The very fact that there is no record kept or allowed to be kept of members of the Cabinet who are present at a Cabinet meeting is the strongest possible evidence to establish the fact that it is supposed to be secret. Would it for a moment be thought advisable or proper for a Minister of the Crown to come out of a Cabinet meeting and deliver broadcast the names of who had attended that meeting? He would be, as I said—

Mr. HANSON: Not at all.

Mr. GERMAN: If the Minister of Railways came out and said, "Murdock or Macdonald or somebody else was there—" why, I might be asking for some object of my own, and if he told me or anybody else privately after a Cabinet meeting, who was present—if he cannot tell who was present to all and sundry, he cannot say it here in this Committee.

Mr. PORTER: You were telling us the other day the exact wording of the oath. Can you find any place in that oath a prohibition of telling who was there?

Mr. GERMAN: The oath is specific.

The CHAIRMAN: Mr. Porter, the oath says:

"You shall keep secret all matters committed and revealed unto you or that shall be secretly treated of in Council and generally in all things you shall do as a faithful and true servant ought to do to Her Majesty".

It seems to me that this is a prohibition of everything, to keep secret everything that passes in the Council, even the names of the Members of the Cabinet—

Mr. JACOBS: Might I suggest that the janitor could give that information, because he is present and sees who goes in and who goes out. Would he be sworn to secrecy?

The CHAIRMAN: Then call in the janitor.

Mr. McMASTER: I do not want to unduly extend this, but in answer the Chairman has said that the Cabinet Ministers are jointly and severally responsible for what the Cabinet does, and, therefore, it means they are personally responsible whether they are there or not, so I cannot see that this is an

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argument for extending the secrecy to those who are present at the Cabinet meeting.

The CHAIRMAN: It makes a lot of difference as to their public responsibility, no doubt, Mr. McMaster, but you know if matters are passed at Council and the Minister is not there, it makes but little difference. I want to answer Mr. Porter first. He says that the witness is privileged to ask—

Mr. PORTER: No, that is not correct. I asked the question if this was not a privilege that the witness himself must ask for.

The CHAIRMAN: I am giving my ruling on the objection of Mr. Cannon.

Mr. PORTER: That it is absolutely privileged.

The CHAIRMAN: Yes.

Mr. PORTER: As I was about to say with every respect to you, I would like the opinion of the Committee as to whether your ruling will stand.

The CHAIRMAN: I understand—

Mr. CANNON: Objection withdrawn.

The CHAIRMAN: Then there is no ruling to make?

Mr. PORTER: My question was, who was present at that meeting of the Cabinet.

Mr. GERMAN: Mr. Graham did answer that question. Now, Mr. Chairman, it is a privilege or it is not, and we might as well stop right now and get a decision.

Mr. HANSON: Let us have it and save time.

Mr. GERMAN: If it is proper to ask that question, it is proper to make an answer. The Minister has, on the spur of the moment, said that he does not remember, but another Minister may come in, and the same question may be asked of him, and he may answer.

Mr. PORTER: It is my intention to follow that up by asking Mr. Graham whether he himself was there, and we might as well have a ruling on it.

The CHAIRMAN: Any other members wish to speak on the objection?

Hon. Mr. MACDONALD: I might point out, Mr. Chairman, that I think the question is one which can be put, but the question of whether it can be answered or not rests upon the witness, who is a Cabinet Minister, and it is his duty, I think, to claim the privilege under the oath. The suggestion that because somebody takes you up in an elevator he knows whether you sat in Council or not, or how long you were in Council—those of us who happen to be Privy Councillors know that that would give no indication whether we were there or not.

Mr. HANSON: May we test that other point, and let me ask a question, Mr. Macdonald. Would not the clerk of the Privy Council know whether you were there?

Hon. Mr. MACDONALD: No, the clerk does not sit in Council.

Mr. RYCKMAN: How often are we told, when we seek a Minister, that he is in Council and we cannot see him?

Hon. Mr. MACDONALD: What has that got to do with it? Let me give you an illustration. There is no oath that any public official takes, that I know of, that is so imperative in its character as the oath of a Privy Councillor in regard to the question of secrecy. When sworn he takes oath that he will keep secret everything in connection with the duties of a Privy Councillor in two or three different ways—the matter is reiterated in two or three different ways. The reason for that is perfectly obvious. Let me give you an illustration: One may be interested in a private matter that is before Council. I have heard in other days—not in this Government—of people who were interested in personal mat-

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ters coming and telling me that such and such a person was not in Council on a certain day when it was expected he was going to take up a certain matter. Now, information of that character should never have been divulged. If it was, it was a violation of the oath, which is so imperative that there can be no doubt about it. Take this citation in Todd, at page 85:

"In 1810 Lord Chatham, being a Member of the existing Administration, was examined at the bar of the House of Commons, touching the Walcheren Expedition, which he had personally commanded. His Lordship answered all questions put to him as a military officer, but declined answering any which concerned matters known to him only as a Privy Councillor or as a Cabinet Minister."

So there a Privy Councillor declined to speak in regard to any matters which were known to him as a Cabinet Minister.

Mr. HANSON: That was a matter of substance.

Hon. Mr. MACDONALD: Not at all. Now, the question can be put, but in my judgment and my estimation of what the oath of a Privy Councillor means, it is the duty of a Privy Councillor to take the same position which Lord Chatham took there at that time, and state that in regard to matters which affected his knowledge of anything as a Privy Councillor, he cannot speak.

Mr. CANNON: I think the rule is very simple. That question should not be answered, if it can only be answered by Mr. Graham in his capacity as a Minister. If he has personal knowledge outside of being a Minister, I think he could answer it, but if his knowledge only comes to him in his official capacity, it is privileged, and he certainly cannot answer that question, since he is a Minister.

Mr. JACOBS: Mr. Chairman, I understand that the door-keeper of the Privy Council checks off the names as they go in?

Hon. Mr. MACDONALD: Not at all.

Mr. JACOBS: If that is so, we might have him here and dispose of the whole question.

Hon. Mr. MACDONALD: I will take you there some time when Council is not sitting and show you that is not a fact.

The CHAIRMAN: Are there any other members wishing to speak? Well, the question is a very serious one. The oath of office contains the following statement:

"1. To advise the King in all matters to the best of his wisdom and discretion.

2. To advise for the King's honour and advantage, and to the public good, without partiality and without fear.

3. To keep secret the King's counsel and all transactions in the Council itself.

You shall keep secret all matters committed and revealed unto you or that shall be secretly treated of in Council, and generally in all things you shall do as a faithful and true servant ought to do to Her Majesty."

Then, as I stated before, there is a citation from Todd at page 240. The fact is pointed out, Mr. German, that "no secretary or clerk is permitted to be present at a meeting of the Cabinet. Neither is any official record kept of the proceedings."

Mr. HANSON: That rule was violated during the Lloyd George regime. He had a secret—

The CHAIRMAN: Mr. Hanson, I am rendering my decision.

[Hon. George P. Graham.]

Mr. HANSON: Pardon me.

The CHAIRMAN: "No secretary or clerk is permitted to be present at meetings of the Cabinet Council, neither is any official record kept of its proceedings." The fact that no record is kept of the proceedings leads me to find that the names of the members of the Cabinet are privileged, and matters which a Cabinet Minister may not divulge. I certainly would have been at odds before rendering this decision were it not for the fact that the matter came up before Mr. Justice McKeown during the Home Bank inquiry, and this matter is exactly like the one which came up here to-day. Mr. King was being asked the names of members of the Committee who were present at the Council, and at page 563 of the proceedings of the inquiry—I will read it again—the following appears:

"Q. You were there?—A. I was."

Q. What other Members of the Cabinet were there?

Mr. LAFLEUR: (Objects).

Rt. Hon. MACKENZIE KING: I have taken an oath as Privy-Councillor to disclose nothing that transpires in the Cabinet.

Mr. REID: I am not asking about anything that transpired. I want to know who was present?—A. I could not say, I do not know, and I do not know that it would be proper for me to say if I did.

Q. Did the Directors of the Home Bank come to that meeting of the Dominion Cabinet?—A. No.

Mr. LAFLEUR: I respectfully submit that it is not proper to ask the Prime Minister what occurred at a meeting of the Cabinet.

His LORDSHIP: I think not.

Mr. REID: If that be so then we cannot get the real facts.

Mr. LAFLEUR: You can get them from the Directors.

Mr. REID: I want to show that the Dominion Cabinet met the Directors of the Home Bank as a Government on Wednesday.

Rt. Hon. MACKENZIE KING: I may tell you that we did not meet them, that the Directors did not come to that meeting of the Cabinet.

Mr. REID: Did the Directors of the Home Bank meet the members of the Dominion Government as a Government at any time?—A. No, not that I am aware of. Certainly not.

Q. None of the Directors of the Home Bank?—A. Met the Government as a Government, certainly they did not.

Q. At the meeting of the Dominion Cabinet on that Wednesday morning of August 15.

His LORDSHIP: You understand my ruling, that nothing that took place in council can be asked about. It is wholly contrary to the obligations of a Councillor to say anything about what took place.

Rt. Hon. MACKENZIE KING: A Minister of the Government, Mr. Commissioner, is sworn not to disclose anything that takes place in the Cabinet.

Mr. REID: I understand that is the ruling, but where there is a matter of such great public importance as this it is important for the public and the shareholders and depositors to know what took place.

His LORDSHIP: You need not argue, it will be excluded, I have a very strong feeling about it.

Mr. REID: Does your lordship also rule that Mr. King is not allowed to tell us who was present at a meeting sitting as a Cabinet?

His LORDSHIP: I do not think that would be admissible.

Mr. REID: There is a record of the attendance.

His LORDSHIP: Perhaps you can get it some other way, but nothing that took place in the Privy Council would be admissible. I remember

having that same question before me in connection with Mr. Fleming's investigation at the time when his acts as Premier of the Province were challenged. It was sought to be shown that certain things had taken place in the meetings of the Government, it did not seem to me then to be admissible and it does not know.

Mr. REID: Then on the night of August 14, 1923, when you had this interview at your house with Messrs. Robb and Graham and Law, I suppose in the ordinary course the result of that interview would be placed on record in the files of the Government.

Mr. LAFLEUR: That is objectionable also.

His LORDSHIP: The Prime Minister has told us all that took place on file as a result of it.

Rt. Hon. MACKENZIE KING: There was no record kept of it, I made no record and there was nothing placed on file as a result of it.

Mr. REID: Did you bring it to the attention of the other Members of your Government?

Mr. LAFLEUR: That is objectionable, also.

His LORDSHIP: I do not think you can proceed any further."

So that the Committee will see that Mr. Justice McKeown's finding went further in not allowing to be discussed what took place even at the house of Mr. King, when the Cabinet was not sitting.

Mr. HANSON: He was clearly wrong there.

The CHAIRMAN: I must rule that this evidence is not admissible.

Mr. RYCKMAN: I do not want to be driven to an appeal against your ruling, but I think you have driven this matter, if I may say so, to an absolute absurdity. Let me put this case—

The CHAIRMAN: Well, now Mr. Ryckman, I have rendered my decision and you have the right to appeal from it, but it is not debatable.

Mr. RYCKMAN: I might be able to get you to withdraw your decision. That is what I am labouring with now.

The CHAIRMAN: You had your opportunity to do that before I rendered my decision. I asked if any other members of the Committee wished to speak on the question. I am very sorry, but it is not debatable—

Mr. RYCKMAN: I am merely offering it to you, sir. Let us suppose—

The CHAIRMAN: Order.

Mr. RYCKMAN: I am not debating it. I am asking you if you won't under a certain set of circumstances which I will put to you, which I think will prove that your ruling was in fact, I would state, altogether not applicable to such facts, admit that the ruling is not properly made, and, therefore, you should be anxious to withdraw it.

The CHAIRMAN: I am very sorry, but I have made my ruling and the time for argument was before I rendered my decision. You must keep order and proceed regularly.

Mr. RYCKMAN: Mr. Chairman, I appeal against the ruling of the Chair.

The CHAIRMAN: Mr. Porter's question was: "Who was present at the Cabinet meeting," asked of the witness, Mr. Graham. Mr. German objected to the question. I have ruled, maintaining the objection. Mr. Ryckman appeals from the ruling. All those in favour of my ruling being maintained, say "Yes."

Several MEMBERS: Yes.

The CHAIRMAN: All those against it say "No."

[Hon. George P. Graham.]

Several MEMBERS: No.

The CHAIRMAN: In my opinion the "Yeas" have it.

Mr. HANSON: Let us have a poll of the Committee.

The CHAIRMAN: Call the roll.

The CLERK: All those in favour of the ruling being maintained will answer "Yes." Those opposed will answer "Nay."

(Whereupon on division the vote recorded: 16 for; 5 against.)

The CHAIRMAN: I declare the ruling sustained. Have you any other questions, Mr. Porter?

Mr. PORTER: Yes, Mr. Chairman.

By Mr. Porter:

Q. Were you present at that Cabinet meeting, Mr. Graham?

Mr. CANNON: Same objection.

The CHAIRMAN: Same ruling.

Mr. RYCKMAN: In regard to that ruling, I would like to point out this. Supposing that the general Minister of Railways were charged with murder—

The WITNESS: Horrors!

Mr. RYCKMAN: and he happened to be in a Cabinet Meeting, with a dozen Members of the Cabinet present, at the time, according to this ruling you could not prove that the Minister of Railways was in the Cabinet meeting and could not have committed the murder.

The CHAIRMAN: He would have to be hanged, then.

Mr. RYCKMAN: That disposes of that.

Mr. McMASTER: That is the end of that.

Mr. HANSON: May I lay this consideration before you?

The CHAIRMAN: Certainly.

Mr. HANSON: How often have we read in Orders in Council the following preamble, "The Minister of Railways from a Committee of the Cabinet reports thus and so," and the Order in Council goes on and recites an act, all of which presupposes his presence?

Hon. Mr. MACDONALD: Nothing of the kind.

The CHAIRMAN: He does not have to be there. He can report an Order in Council in the House without being present in the Cabinet when the Order was passed.

Mr. HANSON: That is a record of what takes place.

Hon. Mr. MACDONALD: He need not be there.

Mr. HANSON: The chances are that 99 times out of 100 he is.

By Mr. Porter:

Q. Were the matters that were discussed with you by the directors of the Home Bank, in your judgment or opinion of sufficient importance to bring them before Council?

Mr. CANNON: Objection.

Hon. Mr. MACDONALD: That is a matter of opinion.

The CHAIRMAN: The question is permissible.

The WITNESS: To my mind, any Finance Minister being thus advised would be quite warranted in consulting his colleagues about it.

[Hon. George P. Graham.]

By Mr. Porter:

Q. Derelict if he did not?—A. There might be circumstances under which he would not be derelict by not doing it.

Q. Ordinarily you would say that would be so?—A. Yes.

Q. Mr. Graham, did you see the directors or any of them, after their visit to Montreal?—A. No.

Q. Have you had any communication with them of any kind or description?—A. No.

Q. Not since their visit to Montreal?—A. No.

Q. Did you learn of the result of their visit to Montreal?—A. Yes, in a general way.

Q. What did you learn?—A. I learned they were not successful in making any arrangement for the rescue of the depositors of the bank.

Q. Would you tell me from whom you learned that?—A. I cannot tell you that, because I imagine it would be in conversation with one of the Cabinet Ministers.

Q. Could you tell me which one?—A. No, I cannot tell you.

Q. Was it Mr. Robb, or can you not recollect it any way?—A. I cannot give you any information on that. If it were outside the Council I might say absolutely that I did not remember. The difficulty with these things is that unless it is something very particular a man does not charge his mind with them.

Q. I quite understand, Mr. Graham, but did you discuss the information you got in regard to this visit of the directors to Montreal, with any of your co-Cabinet Ministers?

Hon. Mr. MACDONALD: That is certainly privileged.

Mr. PORTER: I am not saying "in Council."

Mr. CANNON: You had better add, "outside of Council" to your question, Mr. Porter.

Mr. PORTER: I have no objection to doing that.

The WITNESS: What is that?

By Mr. Porter:

Q. Did you communicate or discuss what you had heard of the result of the efforts in Montreal with any of your co-Cabinet Ministers outside of Council?—A. I may have, but I have no recollections of doing so. I will not say I did not.

Q. You will not say you did not?—A. No.

Q. It would be very likely you would?—A. In matters of general importance men generally talk these things over just as you would.

Mr. PORTER: What were the last two or three questions, Mr. Reporter?

(Whereupon the Reporter re-read the preceding three questions and answers).

By Mr. Porter:

Q. That has reference to what took place in Montreal. Did you discuss with your co-Members of the Cabinet what you had learned from Mr. Stewart, the director, at the Premier's house—I mean, outside the Council?—A. I do not think there was any opportunity to discuss it outside the Council.

Q. Well, that is rather arguing it. Would you say you did or did not? Give us your recollection of it?—A. Well, I have no recollection of discussing what took place in connection with the Home Bank with any of the Cabinet Ministers in the way you suggested. I cannot call to mind any occasion on which I did, except in a general way;—I may have.

[Hon. George P. Graham.]

Q. But in any way? What I want to get at is whether you talked it over with your co-Members outside of the Cabinet?—A. I cannot say that I did.

Mr. CANNON: Without making an objection, Mr. Porter, even if Mr. Graham would answer that he did, it would not be relevant. It was after the trip to Montreal—

Mr. PORTER: No, I am asking about the occurrences before the trip to Montreal.

By Mr. Porter:

Q. For instance, you had a meeting on the night of the 14th, and on the morning of the 15th there was a meeting of the Cabinet. I am asking you now what took place, what was told you by Mr. Stewart or what was said at the Premier's house. Have you talked that over with your co-Cabinet Ministers outside the Council? A. I think I cannot answer that, excepting in the general way in which I have answered the other questions.

Q. What was that?—A. I have no recollection of discussing it in the manner you suggest.

Q. And as you said before in an important matter like this it would be very likely that you would? A. It would not be discussed with anybody—but Cabinet Ministers, of course.

Q. No, I am confining it to them entirely?—A. I have no recollection of discussing it.

Q. It would be a quite likely thing to do?—A. There was not much time for discussion.

Q. I know, but what time there was, it might be?—A. I have no recollection.

Q. At your meeting of the Cabinet the next morning, it would very likely—

Hon. Mr. MACDONALD: If he has no recollection of it what is the use of pushing it and trying to get him to say that he has?

The WITNESS: I have no intention of giving any other answer than the one I have given.

By Mr. Porter:

Q. Would it not be likely to discuss such a matter with your co-Cabinet Ministers after this occurrence?—A. As I said once or twice, men discuss these things, but I have no recollection of doing so.

Q. You cannot improve on that answer—A. Not from my standpoint.

Q. What you said in regard to the visit to Montreal or the visit here—A. I know nothing. The only director I met was Mr. Stewart, and the only occasion was the night of which I have spoken.

Q. Quite so. So you did not discuss it either before or after the trip to Montreal—or, did you?—A. I have answered that three or four times—

The CHAIRMAN: That is the same question.

The WITNESS: I say I have no recollection of discussing it.

By Mr. Hanson:

Q. But it is possible that you did?

Hon. Mr. MACDONALD: Oh, that does not help any.

Mr. PORTER: He has already answered that. I think that is all.

(The witness discharged).

Hon. JAMES A. ROBB, called, sworn and examined.

By Mr. Porter:

Q. Were you Acting Minister of Finance during the year 1923?—A. I was acting for Mr. Fielding during his temporary absence.

Q. And from what time were you acting? Were you acting during the month of August, 1923?—A. During the period that Mr. Fielding was away.

Q. Was that the period?—A. In the month of August, 1923, yes—the month of August, 1922, was it not?

The CHAIRMAN: 1923.

By Mr. Porter:

Q. You know the Hon. James Murdock?—A. He is my colleague.

Q. He is a colleague in the present Cabinet?—A. Yes.

Q. And is Minister of Labour?—A. Yes, sir.

Q. When did you first become aware of the difficulties of the Home Bank?—A. Late one night when Mr. Stewart arrived from Toronto.

By the Chairman:

Q. What date, Mr. Robb?—A. I think it was the 14th of August.

By Mr. Porter:

Q. 1923?—A. Yes.

Q. That was the first knowledge you had of anything being wrong with the Home Bank?—A. Yes.

Q. And where did you meet Mr. Stewart?—A. In my room at the Chateau Laurier.

Q. What disclosure was made to you there?—A. Well, Mr. Stewart intimated to us that the bank was getting into difficulties, and represented that unless they had a large Government deposit they might have to close, and he said to us that the Government of Ontario were withdrawing funds rapidly from the bank.

Q. Did you hear Mr. Stewart say when he was testifying that a deposit was not asked for? Is he mistaken in that?—A. I think he is. My recollection is that a deposit was asked for. It was suggested we should make a deposit. I did not hear Mr. Stewart's evidence. I was out while he was speaking this morning.

Q. You did not hear his evidence?—A. No.

Q. Speaking generally, what was the position of the bank as he disclosed it to you at that time?—A. Well, I have just stated to you that they intimated to us that upon the death of the General Manager, when the new Manager had come in, he had reported to the directors that the bank was in a very bad condition; that they had sent for Sir Thomas White to go into the affairs of the bank very carefully and Sir Thomas had made a statement to them of the financial position of their bank.

Q. What was said—or did you get the impression that unless assistance was given the bank would fail?

Mr. CANNON: I understand this evidence is taken under reserve. Yesterday I made an objection and you allowed the evidence to go in under reserve, provided it would be later proved that all these communications were communicated in some way or other to Mr. Murdock; otherwise it would be illegal.

The CHAIRMAN: That was my ruling yesterday. The evidence is only legal if the fact is proved that it was in the presence of Mr. Murdock.

Mr. PORTER: I understood that to be your ruling.

[Hon. James A. Robb.]

The CHAIRMAN: It is the same as any inquiry where a person is accused. Anything that might be said outside of the presence of the accused is illegal.

Mr. PORTER: It is not evidence against an individual; it is only evidence of a fact.

The WITNESS: What was the question.

Mr. PORTER: Read the question.

(Whereupon the reporter read the question, as follows:

"Q. What was said—or did you get the impression that unless assistance was given the bank would fail?")

The WITNESS: I got the impression they had made attempts in Toronto to have some bank help them without success, and they had hopes that they might get some help in Montreal from the larger banks, and unless they got that help they would have to close.

By Mr. Porter:

Q. Was that before or after you met at the Premier's house?—A. I will say to you, generally, the impression I got from a conversation with Mr. Stewart in my room at the Chateau Laurier, and also at the Premier's house was confirmed the following morning by Mr. Casey Wood and Mr. Gough.

Q. As Acting Minister of Finance did it strike you as being very serious or important?—A. Would you not think so?

Q. I am not under examination. I am asking you, Mr. Robb, with all respect to you. You did consider it serious and important?—A. I considered it important.

Q. Important enough to consult your colleagues in regard to it?—A. We had a conference with the Prime Minister and Mr. Graham, even before that.

Q. You answered me a moment ago and gave me your impression which you said you got from Mr. Stewart. I ask you now if you considered that important enough to consult with your colleagues. I will follow that up—A. I have anticipated that, and I have been present and heard the objections that were raised, and I want to say at once that I have made it a general rule not to discuss outside of the Cabinet room matters considered in Cabinet Council, unless it be with the Prime Minister, or matters as between one Minister and another affecting a department. As a general rule I avoid discussing Cabinet affairs, even with my colleagues, outside of the Council.

Q. That is very wise and very fair—A. It is a very good way to keep out of trouble.

Q. But you will observe my question does not touch that point. I am asking you if you considered that of sufficient importance to consult regarding it?—A. If I were to answer you, I might be leading up to something—

Mr. CANNON: Will you allow me one moment? Would my hon. friend have any objection to adding to his question the words, "outside of Council?"

By Mr. Porter:

Q. Outside or inside?

Mr. CANNON: Inside, it cannot be answered.

Mr. HANSON: Let him follow with a question.

By Mr. Porter:

Q. Let me put it this way. Did you consider the information you got from Mr. Stewart so unimportant that you would not bring the matter before your colleagues?

Hon. Mr. MACDONALD: That is a question of opinion; that is not a fact.

[Hon. James A. Robb.]

The CHAIRMAN: I will allow this question.

The WITNESS: It was a matter of great importance; I will admit that.

By Mr. Porter:

Q. You will admit what?—A. That it was a matter of sufficient importance to bring before my colleagues.

Q. Then, in consequence of that, did you endeavour to get into consultation or communication with other members of the Council?—A. I have just said to you I never discussed matters outside the Council—

Mr. GERMAN: I object to that. The first question was all right, but when he said, "Did you endeavour to get in touch with members of the Cabinet, in connection with this matter"—well, we will stop right there.

Mr. PORTER: I will withdraw the question.

By Mr. Porter:

Q. Did you meet Mr. Stewart, the Premier, and Mr. Graham, at the Premier's house?—A. With Mr. Stewart?

Q. Yes?—A. Yes.

Q. The same night that the information was conveyed to you?—A. Yes.

Q. Along about midnight?—A. Well, it was very late—fairly late.

Q. Why did you do that? Why did you go to the Premier's house?—A. Why did we go to the Premier's house?

Q. That is my question, yes.—A. I have already said to you that in matters of this importance I consult the Premier. He is the head of the Government.

Q. And that was your purpose in going there?—A. Yes.

Q. And at the Premier's house was the information that you had received from Mr. Stewart restated and discussed?

Mr. CANNON: One moment, Mr. Chairman. We have now as a witness the Minister who took part in this conversation. I made an objection yesterday when Mr. Stewart was being examined. The objection was not dismissed, but simply held over provided my hon. friend would then complete the evidence by showing that Mr. Murdock was told about this conversation. I think that in order to settle the matter once and for all, and to shorten the proceedings before this Committee, it would be only fair to ask Mr. Robb if he spoke to Mr. Murdock about these things, and if Mr. Robb answers "No" then the evidence is altogether illegal and irrelevant.

Mr. PORTER: That will be a very short cut to a very uncertain result.

The CHAIRMAN: I understand, Mr. Cannon, that the evidence might not be altogether relevant but this is to prove certain facts which might have a certain bearing on the case, and I would not like to restrict Mr. Porter very much. This matter has already been discussed, and the other witnesses have given their evidence, raising the same point.

Mr. PORTER: I don't want to repeat it; I want to confirm it if I can.

The WITNESS: What was the question, Mr. Porter?

By Mr. Porter:

Q. I asked you if at the meeting at the Premier's house the information that was given to you by Mr. Stewart was re-asserted or re-given there, and discussed between those who were present?—A. Oh, yes, I think so.

Q. And will you be good enough to tell me now all who were present?—A. My recollection is there was the Prime Minister, Mr. Graham, Minister of Railways, the Deputy Minister of Finance, Mr. Stewart and myself.

Q. Was the Hon. T. A. Low there?—A. No, I don't think so.

[Hon. James A. Robb.]

Q. I see his name mentioned—A. Yes, but that was corrected. You will find a correction of that in the evidence before Mr. Justice McKeown.

Q. Are you convinced that Mr. Low was not there?—A. Oh yes, Mr. Low was not there.

By the Chairman:

Q. Mr. Murdock was not there?—A. No, Mr. Murdock was not there.

By Mr. Porter:

Q. Have you given the names of all the persons who were present?—A. I think so, yes.

Q. Any other Ministers?—A. No other Ministers.

Q. And have you heard it stated by Mr. Graham, the Minister of Railways, and Mr. Stewart of what took place at the Premier's house that night?—A. I was up in the Banking and Commerce Committee, and when I returned Mr. Graham was being examined, and just about that time an objection was raised—

Q. I want to ask you a general question—A. You had better ask me because I did not hear all of Mr. Graham's or Mr. Stewart's evidence.

Q. Then you cannot affirm or deny what was said by these two witnesses, so I will have to examine you personally about this. Will you tell me what representations were made to the Prime Minister, yourself, and Mr. Graham that night?—A. On the same line as I have already advised you—

The CHAIRMAN: Mr. Porter, do you not think you have enough proof of that? Do you not think that the Committee now know what representations were made? I do not want to interfere with your proof at all, but do you not think we have enough proof of that?

Mr. PORTER: Perhaps I may shorten it in this way.

By Mr. Porter:

Q. Did you hear all that took place at the meeting at the Prime Minister's house with the gentlemen who were present?—A. I was present throughout the meeting.

Q. You have heard some of the evidence in regard to that. Is there anything you want to qualify or any additional statement you want to make in regard to it?—A. No.

Q. Then following that meeting on the night of the 14th, I suppose you went to Montreal?—A. Yes, the following afternoon.

Q. On the 15th?—A. Yes.

Q. What time did you leave here?—A. Half-past three; I think it was half-past three; about that hour; 3.15 or 3.30; whatever time the train left.

Q. Prior to your going to Montreal had you attended a Cabinet meeting that morning?

Mr. GERMAN: That is the same question which came up before.

The WITNESS: That is going to lead up to the objection that was raised when I was a witness before Mr. Justice McKeown. Judge McKeown ruled that I did not need to answer such a question.

By Mr. Porter:

Q. Do you refuse to answer?—A. Yes.

The CHAIRMAN: I give the same ruling.

Mr. GERMAN: It is not a question of his refusing to answer; it is a question of this Committee refusing to allow the question to be asked.

[Hon. James A. Robb.]

The CHAIRMAN: I have another citation here from Todd, Volume 2, page 84, as follows:

"The obligation of keeping the King's counsel inviolably secret is one that rests upon all cabinet ministers and other responsible advisers of the crown, by virtue of the oath which they take when they are made members of the Privy Council.

"As has been already observed, this secrecy is not a mere personal privilege or protection, either to the sovereign or to the minister, that may be waived by mutual consent; but is based upon constitutional principle and state policy, it being of the first importance that there should be entire freedom and immunity in the confidential intercourse between the crown and its immediate advisers, and that nothing which has passed in council should be afterwards disclosed so long as public injury might ensue from differences of opinion being known."

Mr. RYCKMAN: No application to this.

By Mr. Porter:

Q. Was there a meeting of the Cabinet on the morning of the 15th?—A. That would be a matter of record.

Q. I am asking you as a matter of knowledge or recollection.

The CHAIRMAN: What is the question? "Was there a meeting of the Cabinet that morning"?

Mr. PORTER: Yes.

The CHAIRMAN: I will rule that is in order.

The WITNESS: We were meeting almost, every day in that period preparing for the Prime Minister, the Minister of Justice and the Minister of Railways to go to England.

By Mr. Porter:

Q. Would you say under oath there was a meeting?—A. It is quite likely there was.

Q. Well, do you not know?—A. As a matter of fact, there was a meeting.

Q. Were you present at that meeting?—A. Yes, sir.

Mr. CANNON: That would be on the 15th. We have it in evidence that the cheque was dated the 14th.

Mr. HANSON: We have it in evidence it was cashed the 15th; that does not follow.

By Mr. Porter:

Q. What time did the Council meeting adjourn that day?—A. I cannot tell you.

Q. Can you tell me about when?—A. No, I cannot tell you.

Q. You said you left for Montreal in the middle of the afternoon?—A. Yes.

Q. Having reference to that, you could probably tell how long before that the meeting adjourned?—A. No, I cannot, Mr. Porter. I will say to you very frankly that sometimes we have not time to take our lunch, and sometimes we have lots of spare time. I will not tie myself down to it.

Q. Can you tell me approximately? I do not want it within ten minutes, or even half an hour?—A. No, I would not make any statement in regard to that. It is not fair to ask me that.

Q. I think it is. I asked you if you have any idea of it at all. You would not adjourn before noon?

Hon. Mr. MACDONALD: What is the use of arguing with a witness like Mr. Robb?

Mr. GERMAN: There is another point which occurs to me. Supposing Mr. Robb makes the statement as to the time he remembers the Council to adjourn and some other Minister comes in with an entirely different impression as to the time. It would bring the Ministers directly in conflict, which is against the very object of their oath that everything is to be kept secret.

The CHAIRMAN: The witness has already stated that he does not remember. That ought to be sufficient.

Mr. PORTER: You think, Mr. Chairman, it is not proper for me to ask the witness how long it was before he left for Montreal that they adjourned?

Hon. Mr. MACDONALD: The witness has said he does not know.

The CHAIRMAN: The witness is in perfect good faith. You have no doubt of that, Mr. Porter—

Mr. PORTER: Not the slightest.

The CHAIRMAN: And he has answered you twice that he does not remember, and he even goes so far as to say that he does not think it fair to ask him that question.

Mr. PORTER: But an approximate time, if he has it; an idea of the approximate time they adjourned.

The CHAIRMAN: I will allow you to put this question once more—just once more. Ask him again.

By Mr. Porter:

Q. Can you give me approximately the time that the Council adjourned, before you left for Montreal?—A. No, Mr. Porter; I have no other answer to give.

The CHAIRMAN: That is, not on this matter.

Mr. PORTER: Then I cannot pursue that any farther.

By Mr. Porter:

Q. It was suggested to me that I should ask you if the Cabinet had adjourned when you left for Montreal?—A. I cannot answer that.

The CHAIRMAN: It is a good thing that question was suggested to you.

By Mr. Porter:

Q. Before leaving for Montreal, and after this meeting at the Premier's house, did you discuss with any of your colleagues the information that you had received?—A. I have already said that I have made it a rule never to discuss questions of that kind outside of the Council Chamber.

By Mr. Hanson:

Q. Then you can answer that question directly—A. That is a pretty safe rule.

By Mr. Porter:

Q. As a matter of fact, did you or did you not discuss—A. I have given you my answer.

Q. You say you make that a rule?—A. That is my rule.

Q. Was it a fact that you discussed this matter?—A. Having that rule in mind, I would say no.

The CHAIRMAN: That was outside the Cabinet?

[Hon. James A. Robb.]

Mr. PORTER: Oh yes, outside the Cabinet.

The WITNESS: Aside from the Prime Minister; I may have discussed it with the Prime Minister; I may have.

By Mr. Porter:

Q. You may have discussed matters with the Prime Minister?—A. He is the head of the Government.

Q. With anybody else?—A. No.

Q. Did you discuss it with anybody else outside of your co-Cabinet Ministers?—A. Absolutely no.

By the Chairman:

Q. Did you discuss it with Mr. Murdock?—A. No, I do not recall having met Mr. Murdock at all.

Q. Were you present at the interview in Montreal?—A. At Sir Vincent Meredith's house?

Q. Yes?—A. Yes.

Q. And without going into the details of what took place, you were aware of the fact that no assistance could be expected by the Home Bank from that source?—A. No; it is only fair to say that Sir Vincent was sympathetic, and gave them a very patient hearing, and was very kind to these men. I have never witnessed a man who was more kind to others than Sir Vincent was to these directors that night, but on their own presentations there was very little hope.

Q. They were refused assistance?—A. That night Sir Vincent said, "I cannot see any hope, but I will look this over again in the morning and give you a definite reply before noon."

Q. What was the definite reply in the forenoon?—A. The Home Bank Directors have placed that in evidence themselves; I have never had any—

Q. Did they advise you?—A. I do not recall having had any direct communication with them.

Q. Or indirect?—A. They may have telephoned the Deputy Minister of Finance. I do not recall whether they did or not; I will not say they did or they did not.

Q. But you cannot recollect —A. I left the following morning and returned to Ottawa.

Q. You mean you cannot recall whether they did or not?—A. Yes.

Q. Did you telephone to them as to the result?—A. It is possible we did; we were very anxious about the situation of that bank at the time.

Q. Whom do you mean by "we"?—A. The Department of Finance.

Q. I suppose the whole Government was anxious about it?—A. Well, the Department of Finance;—as you know, the administration of banks is more particularly under them.

The CHAIRMAN: What has that to do with this inquiry, Mr. Porter?

By Mr. Porter:

Q. Were practically the same facts laid before Sir Vincent Meredith as were laid before you and the Prime Minister here?—A. Yes.

Q. When did you leave Montreal, Mr. Robb?—A. The next morning.

Q. And returned direct to Ottawa?—A. Yes, returned direct to Ottawa.

Q. Do you remember whether you had seen the directors before leaving Montreal that morning?—A. No, I had not seen them.

Q. If there was any communication, it would be by telephone?—A. Are you speaking of the directors of the Home Bank?

[Hon. James A. Robb.]

Q. Yes?—A. I had no communication with the directors of the Home Bank.

Q. Any communications you would have, would be with the —A. Bank of Montreal.

Mr. PORTER: I think that is all I want to ask you.

By Mr. Ryckman:

Q. Just one question, Mr. Robb. I understood you to say that you did not recollect meeting Mr. Murdock outside of the Cabinet Council meeting?—A. I don't quite get your question.

Q. In answer to a question by Mr. Porter you said you did not recall meeting Mr. Murdock? Did you not say that?—A. Yes. I am on oath now—I cannot say whether I met Mr. Murdock at any time during that period.

Q. When you say "at any time"—A. I mean the day or two of that period.

Q. You are not—A. If I were tied down to swear as to whom I met, I could not say.

Q. You were not speaking of Mr. Murdock inside the Council?

Mr. CANNON: I object to that.

The CHAIRMAN: You are referring to a question I put to Mr. Robb asking if he had talked this matter over with Mr. Murdock, and in answer to which, if I recall it, Mr. Robb stated, "No, I have not talked this matter over with Mr. Murdock"

Mr. GERMAN: He said: I have no recollection of meeting him.

The WITNESS: Yes; I stand by that.

By Mr. Ryckman:

Q. But that does not include meeting him in Council?

Mr. CANNON: Object to that.

Mr. GERMAN: I object to that question.

The CHAIRMAN: I maintain the objection.

By Mr. Ryckman:

Q. Do you decline to answer?

Mr. CANNON: I object to the question.

The CHAIRMAN: The same ruling. We must abide by the ruling.

(The Witness discharged.)

The Committee adjourned.

We, the undersigned, Committee Reporters, hereby certify that the foregoing pages are and contain a true and faithful transcript of the evidence adduced and the proceedings had before the Standing Committee on Privileges and Elections on this 5th day of June, 1924, as by us taken by means of stenography. The whole in manner and form as required by and according to law and we have signed.

C. S. BLUE,
Senior Committee Reporter.

R. C. STURGEON,
Committee Reporter.

Ottawa, Ontario,
June 5th, 1924.

[Hon. James A. Robb.]

HOUSE OF COMMONS

SELECT STANDING COMMITTEE ON PRIVILEGES AND ELECTIONS

INQUIRY

RESPECTING WITHDRAWALS BY

HON. JAMES MURDOCK
MINISTER OF LABOUR

OF HIS DEPOSITS FROM

THE HOME BANK OF CANADA

Minutes of Proceedings and Evidence

No. 4—JUNE 6, 1924

WITNESS:

Hon. James Murdock, Minister of Labour.

Select Standing Committee on Privileges and Elections

MINUTES OF PROCEEDINGS

Room 231,

HOUSE OF COMMONS,

FRIDAY, 6th June, 1924.

The Committee met at 10.30 a.m. Mr. Archambault, the Chairman, presided.

Presents—Messrs. Archambault, Brown, Copp, Elliot (Waterloo), Ethier, Findlay, German, Guthrie, Hammell, Hanson, Jacobs, Johnston, Kelly, Kyte, Logan, McMaster, Morrison, Porter, Ryckman, Sexsmith, Stewart (Leeds), Vien—22.

The Chairman referred to an article headed "Will Steam Roller Tactics Force Opposition to Drop Murdock Investigation" which appeared in the "Ottawa Journal" this morning, pronouncing it unfair and detrimental to the good conduct of the Committee. Mr. Porter absolutely and without qualification dissociated himself from anything derogatory to either the Committee or the Chairman, in said newspaper article, adding that he had not read it.

To facilitate the work of the Committee, Mr. German suggested that Hon. Mr. Murdock should now be called before the Committee.

Mr. Logan moved, and it was

Resolved, That the Committee adjourn now for fifteen minutes to allow Mr. Porter an opportunity to discuss with his colleagues the feasibility of adopting Mr. German's suggestion.

On the Committee re-assembling,

Mr. Porter intimated that he had no objection to Hon. Mr. Murdock being called.

Hon. James Murdock, Minister of Labour, was called, sworn and examined. He was then discharged from further attendance.

The Committee adjourned at 12.10 p.m. until Monday, 9th June, 1924, at 10.30 a.m.

MINUTES OF EVIDENCE

COMMITTEE ROOM 231,

HOUSE OF COMMONS,

FRIDAY, June 6, 1924.

The Select Standing Committee on Privileges and Elections met at 10.30 a.m., Mr. Archambault, the Chairman, presiding.

The CHAIRMAN: I wish to call the attention of the Committee to an article which appears in the Ottawa Journal this morning. Hon. members of this Committee will recall that at the opening of the proceedings, I made a few remarks, and one of those remarks was to the effect that this inquiry should be devoid of all partisan feeling and that we should proceed to a judicial consideration of this case. I may say that members of the Committee have followed that advice, which I think was proper advice. This article in the Ottawa Journal this morning which is headed "Will Steam Roller Tactics Force Opposition to Drop Murdock Investigation," is most unfair and shows a spirit of partisanship which is detrimental to the good conduct of this Committee. The newspaper reporters and the members should realize that we have to proceed with this inquiry in a judicial manner. There is a part of the article which says that my ruling yesterday "Is held to practically preclude establishment of the complete facts in connection with Mr. Murdock's Act." Every one knows that we have to make a legal proof of the facts, anything illegal cannot enter into the consideration of this case. The article goes on to say that I based my ruling upon the Minister's oath of office, and it goes on to recite the Minister's oath. The article is wrong there again because I have cited the best Parliamentary authorities, and besides a ruling of Mr. Justice McKeown which was only rendered two or three weeks ago, exactly the same ruling that I gave yesterday. The Journal does not mention these. Mr. Justice McKeown ruled that the Minister could not give the names of those who were at the Cabinet meeting. I am mentioning this especially on account of the threat that is made in the paper. It says:

"Conservative members of the Committee maintain that they have no desire to subject Mr. Murdock to a political inquisition. They hold, however, that if yesterday's blocking tactics by the Liberal and Progressive majority continue, the investigation will be turned into a farce, and establishment of the truth will be impossible".

—practically threatening to retire from the Committee. I only wish to say that even in the face of those threats I intend to conduct this Committee the best way I know, fairly, and in a judicial way, and I will not be intimidated by those threats or any others.

Mr. PORTER: If I may be permitted one word in connection with your remarks, Mr. Chairman, I want to state to you and to the Committee absolutely and without any qualification, first, that I had no knowledge of the article. I have not had an opportunity of reading it even. I dissociate myself entirely from any remark that may have been made that is derogatory either to the Committee or to the Chairman. I have not seen the article, but I undertake to say that, without seeing it at all, if it reflects upon the Committee or upon yourself.

The CHAIRMAN: I thank you Mr. Porter. Since this inquiry started, I have noted the sober and temperate tone which you have used in conducting the inquiry. I have said so repeatedly, and at the opening of my remarks to-day I also said that the members of the Committee were following the advice I gave at the opening of the inquiry.

Mr. PORTER: I thank you, Mr. Chairman.

Mr. GERMAN: Before Mr. Porter proceeds to call witnesses, may I point out that Mr. Murdock stated that it was rather a hardship upon him to be kept out of the House of Commons and from his duties in the House by an investigation which should be closed, at any rate, as speedily as possible. Now, I wish to suggest to my learned friend, Mr. Porter, would it not be well for hon. Mr. Murdock to make his statement now. I believe that Mr. Murdock will admit everything that my learned friend can possibly establish by the evidence. If he does, no further witnesses need be called; if he does not, my learned friend, if he chooses, can establish anything against Mr. Murdock which is not admitted by himself. We have had an opportunity of calling these witnesses, but why call a large number of witnesses to prove what has been admitted and what will be admitted. If it has not been admitted, it will be, insofar as the witnesses he proposes to call are concerned. I have a general idea of what these witnesses are called for. Mr. Murdock would have admitted, and will admit, everything that the directors of the Home Bank had to say, insofar as it comes within his knowledge. There is no dispute as to that, and I believe that we will expedite this inquiry very much if Mr. Murdock is allowed to make his statement now.

Mr. PORTER: Mr. Chairman, with all respect to my hon. friend, I think it is rather late in the investigation for that offer to be made. •

Mr. GERMAN: It was made at first.

Mr. PORTER: I would not like to take the responsibility just at the moment of adopting that view. My personal opinion is that the evidence should be given and that I should close my case now. Then let the defense come in just the ordinary way, and then I may have an opportunity of putting in evidence in reply. I would not like to accept the suggestion on my own responsibility. I would be very glad to consult my friends in connection with the matter. I would not like to take the whole responsibility myself. If I could have a few minutes for consultation—

The CHAIRMAN: Certainly, Mr. Porter.

Mr. PORTER: I would be very glad to accept it if I can and if I am so advised, but I would like to have a few moments to consider it.

The CHAIRMAN: Mr. Porter is certainly master of his case, and must conduct his case in the way he sees fit. But I think, Mr. Porter, you mentioned that you wanted to make your case and that hon. members could call evidence for the defense. I thought you had subpoenaed Mr. Murdock.

Mr. PORTER: No.

The CHAIRMAN: I was under that impression. Is it the pleasure of the Committee that Mr. Porter should be given a couple of minutes for consultation?

Hon. MEMBERS: Certainly.

Mr. PORTER: I do not know just how soon I can be ready, say half an hour.

Mr. GERMAN: Then let us proceed.

The CHAIRMAN: We are very anxious to proceed, Mr. Porter. I was under the impression that you only wanted to consult your friends here.

Mr. PORTER: I do want to consult them, but I also want to consult with another. I am quite content to follow either course. I am quite content

to consult in regard to the matter and give an answer in fifteen or twenty minutes; or I am willing to go on now.

The CHAIRMAN: I am in the hands of the Committee. If the Committee thinks that Mr. Porter should be given time to consult his friends, the Committee might adjourn for fifteen minutes.

Mr. LOGAN: I move that the Committee adjourn for fifteen minutes.

Mr. McMASTER: I second the motion.

The CHAIRMAN: Is it the pleasure of the Committee to adjourn for fifteen minutes?

Motion agreed to.

The Committee adjourned for fifteen minutes.

Upon resuming:

The CHAIRMAN: Do I understand, Mr. Porter, that you are willing to have Mr. Murdock appear now?

Mr. PORTER: To appear on his own behalf, as his own witness; not as my witness. Of course, it is understood, Mr. Chairman, this does not preclude me from cross-examination, or, if I should so determine later on, to call other witnesses.

The CHAIRMAN: You are absolutely free on that.

Hon. JAMES MURDOCK, called, sworn and examined.

By the Chairman:

Q. Do you wish to make a statement to the Committee, Mr. Murdock?—

A. All right, I will do that. Mr. Chairman and gentlemen, I attended two meetings of the Cabinet Council on August 15th, 1923; one meeting commenced at 10.30 a.m. and lasted until about 12.40 p.m., and the next meeting from 3 p.m. until 4 p.m. I withdrew from the Home Bank of Canada, Ottawa Branch, around 1 p.m. on August 15th, the \$4,050, which have been referred to. Neither at the time I made that withdrawal nor since did I for one moment think that I had in any way been untrue to my obligation as a Cabinet Minister or a Member of Parliament. However, having noticed certain newspaper reports in, I think, February or March, when the liquidator of the bank wrote me the letter of May 7th, which is in evidence, I decided as per my letter of reply dated May 14, and proceeded to return the money as promptly as it could be arranged. I think, Mr. Chairman, that covers the statement necessary. I might say, of course, that I am precluded by my oath as a Cabinet Minister from intimating in any way whether any questions in relation to the Home Bank of Canada were or were not discussed at either of the Cabinet meetings of August 15th which I have said I attended.

By Mr. German:

Q. Had you not prior to August 15th had any information of the financial standing of the Home Bank, or as to its solvency or insolvency?—A. Yes, I had some days prior to that received what looked to me to be very conclusive information that it was not a safe place to leave my sessional indemnity.

Q. This was your sessional indemnity?—A. Yes. I drew it as a lump sum on July 3rd, deposited it in the Home Bank, and changed its location on August 15th.

[Hon. James Murdock.]

Q. Did you receive that information in your official capacity as a Minister of the Crown?

Mr. PORTER: That is a matter for the Committee.

The WITNESS: No rather more as a friend.

Mr. HANSON: That is a question for the Committee to determine.

The CHAIRMAN: What is the question?

Mr. GERMAN: My question was, "Did you receive that information in your official capacity as a Minister of the Crown".

Mr. HANSON: I object to that, and I will tell you why. That is one of the facts which the Committee will have to find. He was already a Minister of the Crown and could not receive it in any other way.

Mr. VIEN: Mr. Chairman, on that point of order: The point of order is raised against the question and the Hon. Member says that the Committee will have to decide whether he received that in his official capacity or otherwise. I think the witness is the man to tell the Committee whether he was acting on information as Minister of the Crown or in his individual capacity—information received from a friend or otherwise. I think it is for the Minister to advise us if the information came to him in his capacity as a Minister of the Crown or as an ordinary private citizen.

Mr. PORTER: May I be permitted one word, Mr. Chairman? What I would urge upon you, Mr. Chairman, and upon the Committee is this: that at that time the Hon. Minister of Labour occupied a dual capacity, one as James Murdock personally, the other as Minister of Labour. That one body received the information and it seems to me it is impossible for him to disassociate himself for a moment, and be James Murdock one moment and not the Minister of Labour, and the next moment be the Minister of Labour and not James Murdock. When he received the information, he received it when he was Minister of Labour, and he cannot disassociate himself from that position.

The CHAIRMAN: Replying to your last remark, Mr. Porter, I think that the Minister of Labour can at times disassociate himself from James Murdock, and vice versa. Take for example a member of Parliament. He may receive a communication as members of Parliament, and other communications as private citizens. A Minister may receive a communication as a Minister, and he may also receive a communication as a private individual. I think you will admit that. Now, the question was asked by Mr. German whether he received that information as a Member of the Cabinet. Objection was made by Mr. Hanson that he could not answer this question because it was a matter for the Committee to decide, whether he received the information as a Member of the Cabinet or a private individual. I think we could overcome this difficulty by asking Mr. Murdock under what circumstances he received that information.

Mr. HANSON: Then the question is withdrawn?

Mr. GERMAN: We will take the Chairman's question.

By the Chairman:

Q. Have you any objection to stating, Mr. Murdock, under what circumstances you received that information?—A. I have no objection to stating anything that will be of assistance to the Committee.

Q. Just answer my question?—A. I received that information from a Member of Parliament some few days before, or, to be exact, on the 9th of August.

[Hon. James Murdock.]

By Mr. Porter:

Q. Would you tell us who the Member was?—A. The Deputy Speaker. The Hon. G. N. Gordon?—A. Yes.

By the Chairman:

Q. What information did you receive?—A. Mr. Chairman, my memory would be faulty to indicate just exactly what I received but I did receive that from hearing Mr. Gordon recite various facts in connection with the Home Bank, its then present condition, and references to some of those who were connected with the Home Bank, and this gave me to understand that it was not by any means a safe institution. Further than that I do not think I could say definitely—

By Mr. Porter:

Q. I understand, Mr. Murdock, that you said you received that information on the 9th of August?—A. Yes, the 9th of August.

Q. And you allowed from the 9th of August till the 15th of August to elapse before taking any action in regard to the withdrawal?—A. I did not withdraw between those dates.

Q. And after the meeting of the Cabinet on the morning of the 15th you did withdraw?—A. I withdrew around 1 o'clock on August 15th.

Q. And the Council meeting, or Cabinet meeting, on the morning of the 15th adjourned about what time—12.30?—A. I stated around 12.40 or 12.45. I cannot be sure as to the exact time.

Q. And then about 15 minutes after that you withdrew the money?—A. About 1 o'clock, or around 1 o'clock.

Q. I take it then you went practically directly from the Council to the bank?—A. I am not sure whether I went to my office first or not.

Q. But practically directly to the bank?—A. Very reasonably shortly afterwards.

Q. And after getting information from Mr. Gordon did you get any further information?—A. No.

Q. You say "No"?—A. "No."

Q. Of any kind or description—or anywhere?—A. Not that would form my opinion in regard to the matter.

Q. It may not have formed your opinion, but did you get any other information?—A. No one else had discussed that matter with me at all.

Q. Had you any better knowledge on the 15th as to the condition of the bank than you had on the 9th?—A. I would say not.

Q. Why did you get in such a hurry on the 15th?—A. Well, I do not know whether it was a question so much of getting in a hurry—

Q. It seems to be—

The CHAIRMAN: Let the Witness finish his answer.

The WITNESS: I proceeded to do on the 15th what I intended to do, and no doubt would have done, excepting that I neglected it for several days.

By Mr. Porter:

Q. But it was so important on the 15th that you thought you could not leave it any longer?—A. There were other circumstances that brought the matter to a head on the 15th, yes.

Q. Then did you state to any person any reason for drawing the money?—A. No, sir.

Q. You only drew it out for the purpose of saving it from possible loss?—A. Changing the location.

Q. And saving it from possible loss?—A. Naturally.

[Hon. James Murdock.]

Q. And after withdrawing the money did you re-deposit it in the Royal Bank?—A. I had it re-deposited.

Q. Almost immediately after its withdrawal?—A. That afternoon.

Q. And you allowed that deposit to remain in the Royal Bank for how long?—A. Until October 1st.

By the Chairman:

Q. Did you re-deposit it at any other bank on October 1st?

Mr. PORTER: No, deposited it immediately in the Royal Bank after withdrawing it from the Home Bank, and left it there until the 1st of October.

The CHAIRMAN: Yes, the witness said he left it there until the 1st of October.

The WITNESS: On the 1st of October it was drawn and applied on a payment that was due.

By Mr. Porter:

Q. The money was withdrawn from the bank in bills,—in legal tender?—A. 400 ten-dollar bills, and one fifty-dollar bill is what I got.

Q. And the teller of the bank to whom you presented your cheque asked you to accept a marked cheque?—A. No, he did not.

Q. Did any of the officials of the bank ask you to accept a marked cheque?—A. No.

Q. Why did you not take one?—A. Because I wanted cash.

Q. Why?—A. For the reason that I wanted to re-deposit it at once, and I preferred the cash.

Q. Why prefer it? A marked cheque would be just as good as bills to deposit in another bank.—A. It might or it might not—

Q. Can you suggest any reason why it would not?—A. I had been of the opinion for several days, from what had been told me, that the sooner the location of that \$4,000 was changed the better, and when I did get to it I undertook to do it right—to make the change good.

Q. But then you knew that the Home Bank bill would be absolutely good even if the bank failed?—A. Yes.

Q. And their marked cheque, even if deposited in another bank and accepted, would not be?—A. The thought of a marked cheque never came to my mind, or was not mentioned.

Q. You insisted upon spot cash?—A. I did not insist—

Q. Well—A.—Half a moment: I did not insist on anything; I simply wrote my cheque and laid it down there. By the way, let me clear up one point. I notice that cheque is dated the 14th of August. That is a mistake: that is in error; that cheque was written on the 15th day of August?

Q. After you had left the Council meeting?—A. I am not sure of that, but I think so.

Q. Then after withdrawing that money, I understood you to say, Mr. Murdock, that you did not make any use of it until the 1st of October?—A. No. I did not need it until the 1st of October, sir, but I did need it then.

Q. And it would not be true then that you withdrew that money for the purpose of making a payment on your house?—A. That would not be true.

Q. Making a payment at that time?—A. No, not at that time?

By the Chairman:

Q. Did you know at that time that you had a payment to make on the 1st of October?—A. I certainly did.

[Hon. James Murdock.]

By Mr. Porter:

Q. And you tell me, Mr. Murdock, that there was no conversation between yourself and any of the bank officials in which you insisted on cash rather than a marked cheque?—A. Nothing, except that the teller said to me—when I say “the teller” I mean the official who waited on me—

Q. Yes?—A. He said to me, “Do you want this now, Mr. Murdock?” and I answered, “Yes.” That was the entire conversation.

Q. And you are aware of the fact, I suppose, that they had to get money out of the vault; they had not money enough to pay you; they had to open up the strong box?—A. No, I really did not know that until I noticed it in the newspapers.

Q. Well now, how long were you getting the money? A. A very short time. I cannot say how long, but I do not think more than a couple of minutes.

Q. Did the teller have to leave his cage to get the money for you?—A. I think he did.

Q. I made a statement, Mr. Murdock, as you are aware, to the House, that the strong box had to be opened to get the cash to pay you. Would you contradict or deny that?—A. I cannot say either one way or the other.

Q. But the teller left his cage and came back with the money?—A. I think that is correct.

By the Chairman:

Q. Mr. Murdock, have you any objection to stating the nature of the payment you made on the 1st of October?—A. I paid it on a house that I had bought the year before.

By Mr. Porter:

Q. There was nothing due upon the mortgage of that house until the 22nd of October, was there?—A. I did not intend to make a payment until October 1st, although I could have made it. I am not quite sure about it, but I think I could have paid it at the commencement of any month.

Q. I have examined the mortgage, Mr. Murdock, and there was nothing due on the mortgage until the 22nd of October.—A. I had no notion of making a payment until the 1st of October. The 22nd of October?

Q. The 22nd of October.—A. You are mistaken; you are mistaken.

Q. I have a brief of the mortgage here. The mortgage is No. 165508, dated the 1st of October—you are right—the 1st of October, 1922. I need not go into the amount or particulars further. The first payment was due on the 1st of October, 1923.

By the Chairman:

Q. Is that right?—A. That is right.

By Mr. Porter:

Q. Then this cheque was not drawn for the purpose of liquidating any debt or liability at that time?—A. No immediate liability, sir.

Q. I beg your pardon?—A. No immediate liability, except for \$50 of the amount, which I wanted to use at once.

Q. I am only speaking of the larger amount. It was only drawn for the reason that you have already given?—A. Exactly.

Q. So that it was not a cheque upon your bank account in the ordinary course of business?—A. No, sir. I should correct that, Mr. Chairman. What I regarded as the ordinary course of business would be for me to change the

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location of my account if I desired to do so, to change from a contract with one bank to a contract with another bank.

Q. But not in the ordinary course of business, in the sense of paying a liability, as cheques are usually drawn?—A. I was not making payments to anyone.

Q. It was an extraordinary thing, was it not, and drawn because you were fearful you were going to lose it?—A. It was ordinary to the extent that a person has a perfect right to change his bank.

Q. I am not questioning that.—A. It was the ordinary course of business as far as I was personally concerned; it was only a question of my personal rights with the bank, and my personal desires and intentions to utilize the services of another bank.

Q. For the reason that you have given us already. That is not a withdrawal of money for payment of a liability in the ordinary course of business. You admit that. You have said it was not for payment of a liability.—A. I thought it was.

Q. You may have thought so, but upon reflection now would you say that is like the other 19 or 20 cheques? They were drawn in the ordinary course of business.—A. If I had not followed that ordinary course of business I would not have been able to pay it to Mr. Cuthbertson on the 1st of October.

Q. Because you would have lost the money?—A. As things appear to have developed.

Q. I want you to understand me. 20 cheques have been put in here.—A. Yes.

Q. For various amounts. These were drawn and paid to different individuals in the ordinary course of business?—A. Yes.

Q. This was not a cheque of that kind at all?—A. This was an exception to those.

Q. Then pursuing that one question further, that was a transaction in your banking experience that you had not had before?

The CHAIRMAN: Is that a necessary question, Mr. Porter?

Mr. PORTER: This is cross-examination, and I think I have great liberty in that.

Q. You had not had a similar transaction of that kind?—A. I would not say that.

Q. Would you say if you had, and tell us where it was and what it was?—A. Once a number of years ago I decided to change the location of a deposit.

Q. But not for the same reason that you changed this one?—A. It was not so much involved.

Q. So the same question was not in it?—A. It appeared that there was a possibility of the bank being tied up.

Q. Did you change your account only two days before the bank failed?—A. No; as a matter of fact, nothing ever happened in that other case, and it was only rumours which were unfounded.

Q. So this is an exceptional case in that regard, in your banking experience?—A. Oh yes, I never was mixed up in a case of this kind before.

Q. So this was an exceptional case?—A. I never was mixed up in a case of this kind before.

Q. Would you be good enough to tell me, Mr. Murdock, as far as you can recollect, what it was Mr. Gordon told you and where it was?—A. I think that I explained as nearly as I could what it was, and the place was in my office.

Q. I think I have forgotten, if you did explain what it was he said.—A. Mr. Gordon—I could not begin to give any detail just what he said, but he

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referred to the Home Bank, certain officials of the Home Bank and indicated that there was going to be—I understood him to indicate that there was going to be a serious situation develop there within the near future, within, it seemed to me, the next few weeks or months.

Q. Yes?—A. As to the details of what he said, I would not like to say.

Q. You cannot repeat any part of the conversation?—A. I would not like to undertake to repeat accurately any part of it, because the conversation dealt with his references to certain individuals, and I would prefer if that were to be done, he would do it.

Q. You say this conversation took place in your office. Was it at your solicitation?—A. No.

Q. How did Mr. Gordon happen to come there?—A. He was in Ottawa on other business, I presumed; he called at my office on an entirely different matter, to see me in regard to a matter not connected in any way with the Home Bank, and this just came up in discussion afterwards.

Q. In what way did the discussion arise?—A. I could not say that, only in conversation he was referring to things that had passed since the House adjourned on the 30th of June, and up to that time. I think that was the first time I had seen him since.

Q. And you can give no reason for that conversation arising at that time?—A. Not more than there might be reason between any two gentlemen, to discuss matters of interest.

Q. Do you know who introduced the subject?—A. I am quite sure Mr. Gordon first mentioned the matter.

Q. Did Mr. Gordon at that time, or prior to the opening of the conversation, know that you were a depositor in the Home Bank?—A. I do not think so, sir, nor do I think he knew it when he left.

Q. Can you give me any reason why he would introduce such a subject to you, not knowing you were interested or a depositor?—A. No, no particular reason why he should do it.

Q. Have you any objection to telling me what the business was that Mr. Gordon came to you on?—A. No. He came to see me as Minister of Labour and in charge of the Public Printing and Stationery Department, relative to the question of—

Q. Just official business?

The CHAIRMAN: Let him go on, now, Mr. Porter.

Mr. PORTER: I thought I could make it shorter.—Q. Go ahead, Mr. Murdock, and tell it in your own way.—A. Relative to ascertaining from me what the custom and the practice was in the matter of printing the statutes, the revised statutes, and he was making these inquiries of me as Minister in charge, on behalf of a friend who was interested, and who, I understand, had at some other times done some work in the printing and revision of these statutes.

Q. Now, coming down to a little later date, you received a letter from Mr. Clarkson, the liquidator, on the 7th of May?—A. Yes, sir.

Q. And you did not reply to that letter until the 14th?—A. Yes, sir.

Q. I observe on the 14th of May, the date on which you wrote your letter and enclosed your cheque, that in the Home Bank inquiry before Mr. Justice McKeown, reference was made to the fact that you had withdrawn this money in the way that you have now stated, or practically the way you have stated.—A. Is that a question?

Q. Yes.—A. What is the question, please?

Q. Were you aware of that fact?—A. I was not.

Q. That it came out?—A. Not until later. I think you were the first gentleman to draw my attention to it.

Q. I want to see if you did not know of this having come out.

The CHAIRMAN: Mr. Porter, might I suggest that before putting this question, you read to the witness what was said at the Home Bank inquiry. I think it would be the proper procedure.

Mr. PORTER: I am just proceeding to it. On page 579 of the evidence and proceedings before the Home Bank Commissioner, Mr. Justice McKeown, on the 14th of May, 1924, the witness was the Hon. Mr. Robb. Near the bottom of the page, the question is asked of Mr. Robb:

"Q. Did you have an interview with any Members of the Dominion Cabinet after the Cabinet meeting on Wednesday?—A. I could not tell you that, I cannot recall.

Mr. REID: You see, my lord, it may seem irrelevant but the significant thing is—

Mr. SYMINGTON: These explanations are irrelevant.

Mr. REID: I want to get some questions answered and I want to explain what I want.

Mr. SYMINGTON: The best way is to explain to his lordship instead of putting speeches on the record for the newspapers.

Mr. REID: I am not thinking of the newspapers.

Mr. SYMINGTON: One wonders what else you are doing.

Mr. REID: You can correct a lot of abuses through the newspapers that you cannot otherwise.

The significant fact is that on Wednesday, August 15th, following the Cabinet meeting in the morning, the Honourable Mr. Murdock goes across the street and draws out his deposits and on the Thursday morning next he draws the rest."

Q. Were you aware of that statement having been made?—A. I was not. I did not notice it until considerably later; in fact I do not think I read it until after I looked it up when you had referred to it.

Q. When the statement was made in the House. However, you see these two facts that I have asked about did occur, namely that you made your withdrawal on the 15th, and that was the next day after the matter had been discussed in the Cabinet.—A. You say that is so.

Q. Here is the authentic report, if you would like to see it. You were aware, Mr. Murdock, that in an article published in the Journal newspaper of Ottawa, under date 28th February, 1924, this or a similar charge was made against you in regard to withdrawing your deposit in the Home Bank?—A. I know that the Mail and Empire in Toronto published it, I knew they were going to do it before they did it, and that the Ottawa Journal, of course, followed suit.

Q. You just have them reversed. I think. —A. I think not.

Q. I have both the Journal and the Mail and Empire here. The Journal is dated February 28, and the Mail and Empire February 29. Do you know of that fact?—A. I was advised in advance that the Mail and Empire and the Ottawa Journal were going to try and make a case out of this matter. Yes.

Q. Did you have an interview with a reporter of the Ottawa Journal concerning the matter?—A. One or two reporters called to see me; I think one of them was from the Ottawa Journal, but I am not sure. If he did not come to see me he called me up by phone.

Q. And you had a conversation with him?—A. I tried to respectfully and truthfully answer the questions that were asked.

Q. Did you make this statement to the editor or to the reporter of the Ottawa Journal?

The CHAIRMAN: Will you name the reporter, please, Mr. Porter?

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Mr. PORTER: Yes, Mr. Buchanan.

Q. I do not know whether you know him or not?—A. Mr. Buchanan called me on the telephone and I think, too, he called at the office; I am not sure, but I think he called there once too.

Q. Did you make this statement to him: "I withdrew \$4,050 for the purpose of making a payment on a house"?—A. Substantially that.

Q. Substantially that?—A. Substantially that; I would not say whether that was the exact language.

Q. Without any explanation such as you have given here, that you did not actually pay it until the 1st of October?—A. It was not necessary for me to tell everything in connection with it.

Q. As a matter of fact, you did not tell everything; you did not give any explanation?—A. I certainly did not.

Q. Then why did you allow so long a time to elapse, as from the 15th of August, 1923, until you answered Mr. Clarkson's letter on the 14th of May? Why did you allow so long a time to elapse without making return of the money?—A. Because I never for one moment believed that there was any necessity or right for me to return the money, or that any one with any authority in connection with the matter would for one moment hold that there was.

Q. Can you give me any explanation of the coincidence that you made your first payment in returning part of the money to Mr. Clarkson on the same date on which the proceedings which I have read to you occurred in the Home Bank inquiry?—A. The only explanation I could give was that I had received a letter dated May 7th, presumably received on May 8th, that it referred to a matter in which I regarded myself as entirely blameless and under no obligations whatever; then on the other hand was before me a letter from the regularly authorized liquidator of the Bank indicating at least his view that there was here involved certain questions that would suggest the propriety of my returning this money, having regard to the time that the money was withdrawn. I thought of, and was going to ask him what he meant by the paragraph, "The contention is that you received a preference which the Statute would not allow, if the facts as stated to us are correct." I looked up in my own way the statute to find out if there was any suggestion that I had not been within my rights in doing what I had, and then finally decided on the other point of view. Here were thousands of poorer people than I am, who had lost their all, and that they, right or wrong, would not think that I should personally, no matter how it came about, get the preference that had come to me under the circumstances, and I decided that I would repay this, for the reasons stated in my letter of the 14th. Then another cause of delay, I may say, was the necessity for securing the wherewithal to make the payment, and when that was secured in an orderly way, I do not think under the circumstances that it was too long. I wrote on May 14th, as you have read.

Q. Then, Mr. Murdock, on the 15th of August, with a knowledge of the shaky condition of the Bank, you were willing to withdraw and did withdraw your money, notwithstanding what the consequences might be to other depositors?—A. Most decidedly yes, as within my rights in so doing.

Q. Then on the 28th of February, when the matter was made public through the press, you had not changed your view up to that time?—A. Mr. Porter, I have been a very short time in politics, but long enough to know that insinuations coming from certain quarters should not be considered seriously.

Q. That was your reason?—A. That was my reason entirely. Coming from any reputable source at that time, I would have given more serious consideration to it.

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Q. Then let us proceed a step further. After the articles appeared in the Mail and Empire and the Ottawa Journal, you say you did not pay any attention to it at that time, or you had not changed your mind up to that time?—A. No. Do not misunderstand me. I have not changed my mind as to the propriety of it yet.

Q. We will just see in a moment; let us take it step by step. You had not changed your mind, and the articles in the papers did not change your mind. Then the matter remained in that state until Mr. Clarkson wrote you?—A. Yes.

Q. You had not changed your mind up to that time?—A. No sir, nor since.

Q. You had not any intentions of returning the money at that time?—A. When I got the letter, none whatever, until I looked at certain other phases of it.

Q. And you became solicitors for the welfare of the thousands of depositors who had lost their all, to use your expression, between the 7th and the 14th?—

A. I would not put it that way. It might be misunderstood. I have always tried to be solicitous for the proprieties and for the underdog, and I hope to continue to be so.

Q. I am not questioning that; what I am asking you is that down to the 14th of February, or at least down to the 7th of May, you had no intention of paying the money back, and you had no concern for the shareholders or depositors. You just remained in the same attitude you had when you drew out the money?—A. I had great concern for the shareholders and depositors, but not to the extent of paying out on account money which was rightfully mine.

Q. Then, that being so, why was it that you became so anxious that the depositors of the Home Bank should get this money back just at that time, after Mr. Clarkson's demand?—A. Because a reputable and responsible official had raised the question which at once properly brought a doubt to my mind as to the propriety of what I had done. That is the reason.

Q. You were so convinced of the impropriety of your action that you undertook to pay it back?—A. I was sufficiently convinced as to the propriety of what should be done then, to repay the money.

Q. Then before paying the money, and after getting the demand from Mr. Clarkson, did you consult with anybody as to the propriety or impropriety of your paying it back?—A. Very few, perhaps one or two persons.

Q. But you did?—A. I usually talk over all matters.

Q. Were you advised that that was the proper thing to do?—A. It was suggested that under the circumstances it would be the best thing to do.

Q. And in consequence of that advice and your own opinion, you paid it back?—A. That had the controlling influence.

Q. That had the controlling influence?—A. Yes.

Q. Did you consult with any Members of Parliament in that regard?—A. No, other than I may have mentioned it to one or two, not more than two of my colleagues.

Q. Of your colleagues?—A. Yes.

Q. That is, members of the Cabinet? And it was upon their advice, as well as your own opinion, I suppose?—A. It was not on their advice.

Q. You did not act contrary to their advice?—A. I do not know that I received any instructions.

Q. I do not mean that. You have already answered me, and I take your answer.—A. I mentioned the matter to one or two, not more than two, of my colleagues.

Q. Yes, and that, you told me before, was a determining factor, together with your own.—A. I did not say that was the determining factor. That was not the determining factor.

Q. I understood you to say it was.—A. No; other advice I received was the determining factor in what I should do.

Q. What?—A. Other advice.

Q. What other advice?—A. Advice I received in discussing what I should do under the circumstances, about the matter of returning the money.

Q. With the Cabinet Ministers?—A. No, not with the Cabinet Ministers.

Q. With whom?—A. With my wife.

Q. In the interviews that you had, the interview or interviews you had with your colleagues, did they advise you against returning the money?

The CHAIRMAN: I have no desire to limit your cross-examination, Mr. Porter,—

Mr. PORTER: This is not in the Cabinet.

The CHAIRMAN: The question is perfectly legal, I admit, but do you think it is very relevant or necessary to ask these details?

Mr. PORTER: I certainly do. I would not have asked the question if I did not think it was important. I want to know whether the witness did what he did do from his own motive alone, his own motive and the advice he got from his colleagues, or from other advice. I think it is very important to know whether he did it of his own initiative or not.

The CHAIRMAN: The witness has already stated it was the advice he received from his wife that was the determining factor.

By Mr. Porter:

Q. Then I repeat my question. Did you act in conformity with, or in opposition to what the interview with your colleagues brought out?—A. I think they left it to my judgment entirely. As a matter of fact, I think I received advice not to return it, that there was no reason why I should. There was no proper claim that could be made.

Q. Then you acted in opposition to what your colleagues had advised you?—A. I would not say that.

Q. You say you think that they advised you not to?—A. I think one did convey that view, not strenuously. That was a matter, Mr. Porter, that I was determining, under the circumstances, for myself.

Q. I am not going to ask you the names. I do not think that would be quite fair but the two colleagues with whom you had an interview, consulted, talked the matter over and one advised you one way and the other another way?—A. I do not know that if we had the actual language down here that that could be construed because it was simply a matter of talking over the various phases of it and then suggesting this or that under the circumstances and leaving it to my judgment to determine.

Q. I will ask you this final question in that regard: Did you act in accordance with the suggestion of these members of the Cabinet or did you act in opposition?—A. I acted in accordance with my own judgment.

Q. Was that in accordance with theirs?—A. I am unable to answer that accurately because I do not know just definitely what they would do or any of them.

Q. What they advised you to do. That is what I am speaking of. I am asking if you acted in accordance with their advice?—A. I am unable to give you any further advice on that subject.

The CHAIRMAN: Any more questions, Mr. Porter?

By Mr. Porter:

Q. Just one more question, Mr. Chairman. I think that is all I want to ask for the moment. Mr. Murdock, I want to ask you one further question: Were you aware of the fact that the directors of the Home Bank met certain members of the Cabinet at the Premier's house?—A. Not until after it came out generally.

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Q. When did you first become aware of that?—A. I could not say, Mr. Porter.

Q. You cannot give me approximately the date?—A. No, I am sorry to say I could not.

Q. It was prior to your withdrawal?—A. Withdrawal?

Q. Prior to your withdrawal of the money from the bank?—A. Oh, no.

Q. What? I said it was prior to your withdrawal on the 15th of August?—A. No.

Q. Are you quite certain of that?—A. I feel quite certain of that.

Q. There is no question—I asked it a few times—during all this time, in the month of August you were a member of the Cabinet?—A. Yes.

The CHAIRMAN: That is admitted.

Mr. PORTER: There is nothing admitted here until I get it from the witness.

The WITNESS: All of this might have been admitted long since. It would not have answered the same purpose probably but it could have been admitted days ago.

By Mr. Porter:

Q. You must have made a withdrawal, Mr. Murdock, from the bank subsequent to the \$1,050.00?—A. I did not. If you will look up the cheques you will find that the cheque that Mr. Clarkson referred to as having been cashed on the 17th day of August was written on the 16th day of July, payable to the Scout Council of Chatham and had only evidently gotten under the wire to be cashed.

Q. But had not been put in?—A. No.

Q. And the balance of your credit at the time of the failure was \$89?—A. Something about that. I could not say exactly.

Q. Did you prove your claim for the \$89 before the liquidator?—A. My claim went in, yes.

Q. That was the same cash that you received from the Home Bank that you deposited in the Royal?—A. Yes; that I had deposited in the Royal. I did not deposit it myself.

Q. That you had deposited for you?—A. Yes.

Q. I think that is all that I desire to ask. Thank you.

By the Chairman:

Q. That is all you desire to say?—A. Yes.

Q. You have no further statement to make, Mr. Murdock?—A. No.

Mr. PORTER: It is now ten minutes after twelve and I have to take the one o'clock train and I may not call any further witnesses in view of the fact—I may not—I do not want to say definitely but I would like if the committee could adjourn now. I have only a few minutes to catch my train. I have not been home in three weeks and I would like to get away on that train if possible and I would like to have a consultation. I have other witnesses here. Of course if it is the desire of the committee to keep me here I would stay but I ask that as a favour.

Mr. GERMAN: You do not want to call any more, do you?

Mr. PORTER: I may not call any more. I have three or four other witnesses subpoenaed for to-day, but may be I can save bringing those witnesses here from a distance. I might be able to save that expense. I think it is only a reasonable request.

The CHAIRMAN: I would be very glad to be agreeable to you, if it is the pleasure of the Committee. You realize we are very anxious to terminate

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this inquiry, especially on account of the fact that Mr. Murdock has to stay out of the House.

Mr. PORTER: I can be back on Monday or Tuesday, any day at all. I call attention to the fact that I have just been made aware that there is a caucus on Tuesday morning and that there is a meeting of the Church Union Committee, which is a very important committee, on Wednesday, of which I am a member.

The CHAIRMAN: I am also a member.

Mr. PORTER: I think there are a number of this Committee who are members of that.

Mr. McMASTER: I think in fairness to Mr. Murdock this investigation should be brought to a termination one way or the other.

The CHAIRMAN: That is my opinion, too.

Mr. McMASTER: I think members should, if necessary, put themselves to a little inconvenience to bring that desired result about, and I would, therefore, suggest that when we adjourn, we adjourn until Monday at half past ten.

The CHAIRMAN: I am quite content.

Hon. Mr. Murdock: Considering that reference has been made to Mr. Gordon by Mr. Porter, and that he could not get from me the information he wanted to get, might I suggest that Mr. Gordon be brought before the Committee?

The CHAIRMAN: I understand you wish to go away, but you could leave the matter in the hands of the members to examine Mr. Gordon.

Mr. PORTER: I would not like to do that. It is too much responsibility on me.

The CHAIRMAN: Is it the pleasure of the Committee that the Committee should adjourn until Monday at 10.30?

Some MEMBERS: Yes.

(Witness discharged.)

The Committee adjourned.

HOUSE OF COMMONS

SELECT STANDING COMMITTEE ON PRIVILEGES AND ELECTIONS

INQUIRY

RESPECTING WITHDRAWALS BY

HON. JAMES MURDOCK

MINISTER OF LABOUR

OF HIS DEPOSITS FROM

THE HOME BANK OF CANADA

Minutes of Proceedings and Evidence

No. 5—JUNE 9, 1924

WITNESSES:

Right Hon. W. L. Mackenzie King, Prime Minister.

Mr. J. C. Saunders, Deputy Minister of Finance.

Mr. D. Cuthbertson of Ottawa.

Mr. L. Gumb of London, Ont.

Mrs. Marjory Powell of Ottawa.

Mr. H. K. Munro of Leamington, Ont.

Mr. C. H. Campbell of Ottawa.

Mr. G. N. Gordon, Deputy Speaker of the House of Commons.

SELECT STANDING COMMITTEE ON PRIVILEGES AND ELECTIONS

MINUTES OF PROCEEDINGS

ROOM 231, HOUSE OF COMMONS,

MONDAY, 9th June, 1924.

The Committee met at 10.30 a.m. Mr. Archambault, the Chairman, presided.

Present: Messrs. Archambault, Brown, Copp, Elliott (Waterloo), Ethier, Findlay, German, Hammell, Hanson, Johnston, Kelly, Kyte, Lapointe, Logan, Miss Macphail, Morrison, Porter, Ryckman, Sexsmith, Stewart (Leeds)—20.

The following witnesses, in the order named, were called, sworn, examined and discharged from further attendance, viz.—

Right Hon. W. L. Mackenzie King, Prime Minister.

Mr. J. C. Saunders, Deputy Minister of Finance.

Mr. D. Cuthbertson of Ottawa.

Mr. L. Gumb of London, Ont.

Mrs. Marjory Powell of Ottawa.

Mr. H. K. Munro of Leamington, Ont.

(Three last mentioned formerly attached to the Ottawa Branch of The Home Bank of Canada.)

Then Mr. C. H. Campbell, Royal Bank (Rideau Street, Ottawa, Branch), was then called, sworn and examined. He retired *pro tempore*.

At the request of Hon. Mr. Murdock,—

Mr. G. N. Gordon, Deputy Speaker of the House of Commons, was called, sworn and examined, being then discharged from further attendance.

Mr. C. H. Campbell was recalled and was further examined, after which he was discharged from further attendance.

Mr. Porter intimated that the evidence of Hon. T. A. Low, Minister of Trade and Commerce, and of Mr. E. C. Buchanan, Reporter, "Ottawa Journal", called as witnesses, would not be required, and they were accordingly discharged.

The Committee adjourned at 12.15 p.m. until Thursday, 12th June, 1924, at 10.30 a.m.

MINUTES OF EVIDENCE

COMMITTEE ROOM 231,
HOUSE OF COMMONS,
MONDAY, June 9, 1924.

The Select Standing Committee on Privileges and Elections met at 10.30 a.m., Mr. Archambault, the Chairman, presiding.

The CHAIRMAN: Whom do you wish to examine now, Mr. Porter?

Mr. PORTER: I was going to call the Prime Minister.

The CHAIRMAN: The Prime Minister is here now.

Mr. PORTER: All right.

The Right Hon. WILLIAM LYON MACKENZIE KING, called and sworn.

By Mr. Porter:

Q. You are the Prime Minister of Canada?—A. Yes.

Q. And were last August, a year ago?—A. Yes.

Q. And the hon. James Murdock is your Minister of Labour in your Cabinet?—A. Yes.

Q. You have given evidence, Mr. King, before the Royal Commission investigating the Home Bank, before Mr. Justice McKeown?—A. Yes.

Q. On the 9th of May?—A. I assume that is the date, yes.

Q. I want to shorten your evidence as much as possible, by reading from that evidence just to see if you made the following statements.

The CHAIRMAN: What page?

Mr. PORTER: Page 1. Reads).

"Mr. Stewart"—I am leaving out the preliminaries—Mr. Stewart was one of the Home Bank Directors—

"Mr. Stewart, then, in the presence of the others, mentioned to me that the Home Bank was in great difficulties, that probably in the course of a day or two it might have to close its doors should there be a serious demand on it, and that he had come to place the situation before the Government. He said he had consulted with Sir Thomas White in Toronto, and that Sir Thomas had advised that he should see the Government, and also the Canadian Bankers' Association, and place the facts before them. When I say that he should see the Government, I am not sure that it was Mr. Stewart himself, but some officials of the bank."

By Mr. Porter:

Q. That statement you re-affirm?—A. "That he should see the Government." I was not sure whether Sir Thomas White had said that Mr. Stewart should see the Government, or some official.

Q. (Reading).

"When I say that he should see the Government, I am not sure that it was Mr. Stewart himself, but some officials of the bank."

A. Yes.

Q. (Reading).

[Hon. W. L. Mackenzie King.]

"When he had outlined the situation, I asked him what it was that he wished to place particularly before the Government. He said he had come really to find out if it would not be possible for the Government to make a deposit with the bank which would enable them to meet any demands that might be made upon it within the next day or two. I do not remember what amount he wanted, but, as I recall it at the moment, it was a fairly large amount."

A. A very large amount.

Q. Do you re-affirm that?—A. Yes.

Q. (Reading).

"I was aghast when the suggestion was made"—

A. I think you are skipping some, Mr. Porter.

Mr. PORTER: I am only reading the part that was material.

The CHAIRMAN: Is it at the bottom of the page, Mr. Porter?

Mr. PORTER: Right in the middle.

By Mr. Porter: (Reading).

"Q. Do you recollect whether he mentioned the amount of deposit which would be necessary in order to enable the bank to tide over its difficulty?—A. I do not recall the exact amount. The impression left on my mind was that it would require a very considerable sum, and I was aghast when the suggestion was made, and immediately said that the circumstances which he had mentioned were sufficient in themselves to make it impossible for the Government to consider for a moment transferring any of the public funds into the Bank's treasury, that that could not be considered."

Is that correct, Mr. King?—A. Yes. I think, if I may be permitted, that a paragraph—one of the paragraphs you have not read is rather important. (Reads)

"I gathered that either overtures had already been made to the Canadian Bankers' Association or were about to be made, and that the Home Bank authorities were very anxious that this deposit should be made at once, so as to give them time to confer with the Bankers' Association to avoid the possibility of the bank having to close its doors immediately."

I think that is important, because it was not clear from Mr. Stewart's statement to me that the bank would not be closed immediately, that they would not be able—

Mr. PORTER: Just mark that, please; I have no objection to it going in. Then the next paragraph. (Reading)

"Then Stewart was anxious to know whether the Government would lend its good offices to have the Bankers' Association do something to help in the situation. I intimated that anything we could do in that way we would only be too glad to do, that if there was any service the Government could render, which was right and proper, that would help to avoid the possibility of the bank having to close, we would only be too ready to do whatever was in our power in that regard, and, as a result of that discussion, it was arranged that Mr. Robb should leave the next day for Montreal, Mr. Robb being Acting Minister of Finance at the time."

Do you re-affirm that?

WITNESS: That is correct, yes.

By Mr. Porter:

Q. The next paragraph. (Reading).

"We wished to be prepared, if there were any suggestions which the Bankers' Association might wish to make to us, to consider them at once, and we were also anxious that the Bankers' Association should know that the Government would appreciate anything which they might find it in their power to do to help to meet the situation."

That is correct?—A. Yes.

Q. On the page following, near the top of the page, (Reading)

"Q. Did you understand from him how badly insolvent the bank was?—A. Well, I gathered that the condition was very bad, yes.

"Q. He did say how bad, or how much their shortage would be, did he?—A. At this date my recollection of exact figures is not very clear, but I can give the impression that was made on my mind at the time, and it certainly was that the situation was very critical, very serious."

A. Mr. Porter, in reading that sentence. I think you transposed a couple of words at the start: "He did not say how bad"—I think you read it "He did say how bad." The evidence reads "He did not say how bad"—

Q. (Reading). "Or how much their shortage would be, did he?" The next question was (Reading).

"Q. The shortage was very great?—A. I gathered that, yes.

"Q. Still they were willing to continue in business?—A. When I say the shortage was very great, I was led to believe that if demands were made on the bank the next day, or the day following they might not be able to meet them.

"Q. Did you understand they were insolvent?—A. Well, that is the way in which the matter was presented."

A. "The next day and day following." I think you read it, "The next day or day following".—(Reading).

"If demands were made on the bank the next day and day following."

Q. Did I say "Or day following?" "And day following" is right. Then I will read the next question. (Reads).

"Q. Did you understand they were insolvent?—A. Well, that is the way in which the matter was presented."

That is correct?—A. Yes, correct.

Q. Then at the very bottom of the page (Reading).

"Q. It was of such enormous proportions that it appalled you at the time?—A. If it had been of small proportions, having been told what I had been told about the condition of the bank, I would have felt the Government would not be justified in using public funds for purposes of that kind."

Is that correct?—A. That is correct.

Q. Than at the bottom, or near the bottom of the next page.—A. Perhaps it would be well to read the paragraph in front of the one you have read.

Mr. PORTER: Just mark it, Mr. King, and then put it in together. (Following paragraph marked and taken in).

"Q. Surely a person asked to put up a large amount of money ranging from five million dollars to fifteen million dollars would have some recollection of the amount, or near the amount. I do not want the exact amount.—A. Well, the circumstance that impressed itself upon my mind was the fact that the bank might not be able to meet the demands upon it within the next day or two, however large or however small they might be, and that the Government was being asked to make a deposit of public funds to meet a situation of that kind. Now, I did not consider the amount; I looked at the principle of it, and considered it was impossible to entertain any idea of any amount, large or small."

By Mr. Porter:

Q. Then on the next page, about half a dozen lines from the bottom. (Reads).

"Q. Then what directors of the Home Bank did you personally come in contact with, and had an interview with?—A. The only person was Mr. Stewart.

Q. And that was?—A. On the night of Tuesday, the 14th.

Q. Then on Wednesday, 15th of August, 1923, was there a meeting of the Dominion Cabinet?—A. My recollection is that there was.

Q. At what time of the day was that meeting held?—A. I think we met in the morning.

Q. You were there?—A. I was.

Q. What other members of the Cabinet were there?"

This question was objected to. Is that correct, Mr. King?—A. That is correct.

Q. Then I take it from your evidence as read—Do you want to put anything in now?—A. There is just one point at the bottom of page 561, Mr. Porter. The question was put to me (Reading).

"Q. Surely a person asked to put up a large amount of money ranging from five million dollars to fifteen million dollars would have some recollection of the amount, or near the amount. I do not want the exact amount.—A. Well, the circumstance that impressed itself upon my mind was the fact that the bank might not be able to meet the demands upon it within the next day or two, however large or however small they might be, but that the Government"—

Q. "And that the Government."—A. (Reading).

"and that the Government was being asked to make a deposit of public funds to meet a situation of that kind."

I did not consider the amount, I looked at the principle of it and considered it was impossible to entertain any idea of any amount large or small. I think it is important to make that clear, because the amount that was asked for, I do not recollect at all; what did impress me was the circumstance that we should be asked to put in any amount.

Q. I take it from your answers as a whole, which I have read and which you have read, that the disclosure which was made to you at that time was of such a serious and important nature, or was of such an important nature that you would naturally desire to consult with your colleagues about it?—A. Yes.

Q. You would not feel justified in withholding that from the Cabinet?—A. I felt that Mr. Stewart had spoken to me as a member of the Government.

Q. And you would not feel that you were doing your duty in not disclosing that to your Cabinet?—A. I should certainly wish to confer with my colleagues about it, yes.

MR. PORTER: That is all, Mr. King, that I desire to ask you. Thank you. Witness discharged.

J. C. SAUNDERS called and sworn.

By Mr. Porter:

Q. You are Deputy Minister of Finance?—A. Yes, sir.

Q. And you were in August, 1923?—A. Yes.

Q. You were present at an interview with one or more of the Home Bank directors at the Premier's house?—A. One.

Q. On the night of the 14th August?—A. Yes.

Q. Without going into all the details which have been proved, Mr. Saunders—I do not want to repeat it all, but at that interview was there any

[Mr. J. C. Saunders.]

outstanding agreement, that is to your knowledge, that the matter would be considered by the Cabinet?—A. No, not that I know of. I was there only a short time; I left as soon as—

Mr. BROWN: May I ask the witness to remember that he is speaking not only to the member who is cross-questioning him, but to the whole Committee. Sitting here, it is very difficult for us to get either the question or the answer.

Mr. PORTER: I beg pardon; I thought I was speaking loudly enough but I will try to make myself heard.

By Mr. Porter:

Q. You were there at only a part of the interview?—A. Yes.

Q. Would you tell us, please, what occurred while you were there?—

A. We arrived at the Premier's house about I should say a little after eleven on Tuesday night, Mr. Robb and I, when we met the Premier and Mr. Graham, and Mr. Robb explained the situation that Mr. Stewart had come to them that night, Tuesday night, at the Chateau and told them the situation of the Home Bank, and asked them if there was anything that could be done to help them in their trouble, and Mr. Graham—

Q. Just there, the trouble was financial trouble?—A. Yes, and Mr. Graham—Mr. Robb explained the situation to the Premier, and the Premier emphatically said that the Minister of Finance could not use public moneys to help them out in the way that they evidently desired, and there was some discussion along those lines.

Q. Some discussion along those lines—in what way do you mean? Were suggestions made?—A. Along the lines of the situation of the bank.

Q. Along the lines of the situation of the bank?—A. Yes.

Q. What was virtually the condition of the bank disclosed at that time?—A. Well, the inference drawn was that if there were any demands made on them within the next day or two, they might not be able to meet them and it would result in closing their doors.

Q. Yes, and all help, so far as giving financial aid from the Government was concerned, all that was ended, or shut off?—A. Yes.

Q. But a desire was expressed to help them in other ways if they could, as the Premier has said?—A. Well yes.

Q. Were there any other persons present than those you have mentioned?—A. No, not at the Premier's house.

Q. There was the Premier?—A. The Premier.

Q. Hon. Mr. Graham?—A. And the Hon. Mr. Robb, Mr. Stewart and myself.

Q. Did you have an interview or communication of any kind or description with any of the Home Bank directors prior to that time?—A. No.

Q. Official or otherwise?—A. No.

Q. Did you have an interview with them or with any of them after that interview of the night of the 14th?—A. Practically, no. On the morning of the 15th, Mr. Robb called me in to his office and Mr. Stewart, Mr. Gough and Mr. Casey Wood were there—I think Mr. Stewart was, I am not positive. Mr. Robb told me that they were going down to Montreal.

By the Chairman:

Q. What day was that?—A. The morning of the 15th in Mr. Robb's own office. They were going to Montreal and that he would probably go down also but not with them, go down just in case anything should turn up.

[Mr. J. C. Saunders.]

By Mr. Porter:

Q. In case he might be of assistance?—A. Yes, but I was not with them—

Q. Is that all that took place between yourself and the Acting Minister of Finance?—A. That is all, Mr. Porter.

Q. You had no conversation with the directors?—A. No.

Q. Had you information or knowledge prior to the evening of the 14th of August as to the financial condition of the bank?—A. No, Mr. Porter; the only knowledge—

Q. I mean the seriousness of it?—A. The only knowledge I could have would be from an examination of the monthly returns from the bank and of course they were all right so far as they were submitted to us.

Q. You had no knowledge of any serious condition?—A. No, Mr. Porter.

By Mr. German:

Q. You say that on the night of the 14th the request of Mr. Stewart, as a director, was that the Government should make a deposit in the Home Bank for the purpose of protecting the bank against a run on the funds?—A. I did not say that, Mr. German. I say the request was that the Government assist them in some way—in any way, it seems; any way at all—to help them over. They did not mention, in my presence, anything about a special deposit.

Q. And what was the reply of the Prime Minister?—A. The Prime Minister emphatically gave them to understand that he could not recommend that the Minister of Finance could use the public funds in helping them out.

Q. That appeared to be a settled matter as far as the Prime Minister was concerned?—A. Yes, it was settled almost before it began.

Q. And the Prime Minister so expressed himself?—A. Yes.

Q. To Mr. Stewart?—A. To all of us.

Q. There could be no question about it? The Government would not consider the granting of any assistance?—A. He said, "Could not" consider the granting of temporary help then, in any way.

Q. And then was it arranged that night that Mr. Robb should go to Montreal the next day?—A. I left, Mr. German. It was the next morning Mr. Robb told me—

Q. At any rate it was the next morning. How early in the morning?—A. About 10 o'clock.

Q. And Mr. Robb told you he was going to Montreal that afternoon?—A. Yes.

Q. To be of assistance to the directors in their interview with the Bankers' Association?—A. No; I did not quite take it that way. I understood he was to go to Montreal and if anything should turn up with the Bank of Montreal or Sir Vincent Meredith—I think they intended to see him. If Sir Vincent Meredith could do anything for them and Mr. Robb could assist in any way—

Q. Then, Mr. Saunders, according to you, was it definitely settled on the night of the 14th by the answer of the Prime Minister that there could be no governmental assistance?—A. Yes, direct to them. As I said, in speaking of it, they had nothing to sell; there was nothing in their assets; they had no security; there could be no straight Government advances or loans to them on the condition they stated the bank to be in.

Q. That appears to have been settled on the night of the 14th at the Prime Minister's house?—A. Yes.

Q. And then apparently, because Mr. Robb told you early the next morning he was going to Montreal, it appears to have been settled the night before that he was to go to Montreal?—A. I cannot say.

Q. But he told you early in the morning?—A. Yes.

By Mr. Porter:

Q. Was the interview with Mr. Robb on the following morning before or after Council?—A. It was about 10 o'clock in the morning. If there was Council that day—and I cannot recollect whether there was or not—it would be before.

Q. It was about 10 o'clock?—A. Yes.

By Mr. German:

Q. It would be before the Council meeting?—A. Yes, if there was Council, it would be before Council meeting.

By Mr. Porter:

Q. Do you know whether there was a Council or not?—A. No, I cannot recall, but from what I have heard of evidence given here—

The CHAIRMAN: No need to say anything about that.

By Mr. Porter:

Q. Were you advised afterwards that there was a Council meeting?—A. No, it was not necessary to advise me—

Q. I am not saying whether it was necessary or not. Were you or were you not?—A. No, sir.

Mr. PORTER: That is all, Mr. Saunders.

(The Witness discharged.)

DAVID CUTHBERTSON, called, sworn and examined.

By Mr. Porter:

Q. Your name is David Cuthbertson?—A. Yes.

Q. We have been told here, Mr. Cuthbertson, that you hold a mortgage upon the house of the Hon. James Murdock?—A. Yes.

Q. Will you produce it, please?—A. Yes.

Q. Dated the 1st of October, 1922?

The CHAIRMAN: Will you file it as an exhibit?

Mr. PORTER: If it is necessary, but I do not want to take it away from him.

The CHAIRMAN: Is it an original or a copy?

Mr. PORTER: It is a duplicate original. I do not think anything can be gained by keeping it away from the witness. I will just give the date of it and identify it. It is dated the 1st of October, 1922, from the Hon. James Murdock to David Cuthbertson. I need not mention the amount.

By Mr. Porter:

Q. I do not observe any endorsement of any payment upon the mortgage?—A. Yes, there is a payment.

Q. I do not see anything endorsed there?—A. No, not there.

Q. What payment was made?—A. \$5,000.

Q. On the mortgage?—A. Yes, on the mortgage.

Q. When was that paid?—A. The 1st of last October.

By the Chairman:

Q. The 1st of October, last?—A. Yes.

By Mr. Porter:

Q. Had you made any demand for payment prior to that date?—A. No.

Q. There was no payment due prior to that date?—A. No, sir.

[Mr. D. Cuthbertson.]

By Mr. German:

Q. When are the payments due, Mr. Cuthbertson?—A. The 1st of October. That is the time the mortgage was made.

Q. And this payment was made on the 1st of October?—A. Yes; it came due on the 1st of October.

Mr. PORTER: That is all, Mr. Cuthbertson.
(The witness discharged.)

LESTER I. GUMB, called, sworn and examined:

By Mr. Porter:

Q. Mr. Gumb, what position did you occupy in the Home Bank, Ottawa Branch?—A. I was teller.

Q. Between what dates?—A. Between December 25th until the close of the institution here.

Q. Until when?—A. Until the closing on August 17th, 1923.

By Mr. Hanson:

Q. December 25th, 1922 until August 17th, 1923?—A. Right.

By Mr. Porter:

Q. That is the time the Home Bank suspended?—A. Yes.

Q. You went out of office at that time?—A. Yes.

Q. And you were acting in the capacity of teller during that time?—A. I was.

Q. Would you look at a cheque there dated the 14th of August, 1923 for \$4,050?—A. Yes.

Q. Cashied when?—A. August 15th, 1923.

Q. And do you find any notation of yours on the back of the cheque?—A. Yes, my figures are on the back, "400 tens and 1 fifty."

Q. What does that indicate?—A. \$4,050.

Q. But what does it indicate in the way of payment?—A. It was paid in 400 ten-dollar notes and one fifty-dollar note.

Q. And you were the teller acting at that time and making that notation?—A. I was.

Q. And you made the payment?—A. I did, yes.

Q. Did you see your Manager before making the payment? Do not tell me anything he said, but did you see your Manager?—A. No, I did not.

Q. Where did you get the money to make the payment?—A. We had the cash on hand.

Q. Where?—A. In my presence. I had the cash in my presence to make payments for that amount.

Q. Where? In the till?—A. In the cash box.

Q. Where was that?—A. That was kept in the safe during the day time.

Q. Locked up?—A. Yes, sir.

Q. Did you have sufficient funds in your till to cash that cheque?—A. No, I did not.

Q. Now, will you tell me who presented the cheque?—A. The Hon. Murdock himself.

Q. A cheque was presented?—A. I beg your pardon?

Q. The cheque produced was presented?—A. Yes.

Q. What took place when the cheque was produced?—A. Hon. Mr. Murdock presented his cheque, having it first accepted by the ledger keeper, and presenting it for cash to me, which I paid over the counter, making no comment whatever.

[Mr. L. Gumb.]

Q. Having been marked by the ledger keeper?—A. It was already marked by the ledger keeper.

Q. And then having been marked was presented to you for payment?—A. Yes, sir.

Q. What was said in regard to it?

The CHAIRMAN: The witness has already said—

Mr. HANSON: Please let the witness answer that question.

By Mr. Porter:

Q. What was said in regard to cashing it?—A. There was no comment made, if I remember correctly, between the Hon. Mr. Murdock and myself on paying the cash other than I asked if he would like to have the cheque accepted—did he want cash or to have it accepted in order to put it through another bank, and he said he would take the cash for it.

Q. I understood you to say that you asked him if he wanted the cheque marked?—A. I did.

Q. What did he say to that?—A. He said he would take the cash.

Q. That he would take cash?—A. Yes.

Q. Had the cheque at that time been marked in any way by the ledger keeper?—A. Yes, it was.

Q. In what way?—A. It was accepted just as the cheque is now.

Q. Marked just as it is now?—A. Yes.

Q. Yes, but I understood you asked him if he wanted it accepted?—A. What I meant by that was—he wanted the cash, naturally, and presented it to me. The cheque was marked and presented to me and I knew he wanted the cash. He accepted it, of course, before he would present it to me for payment. Other than that he intended, of course, taking the cash before presenting it to me.

Q. What did he say to you?—A. There was nothing other than that he wanted the cash.

Q. You told me a moment ago that you asked him if he wanted it accepted or marked?—A. When I asked him—

Q. Did you ask him that—if he wanted it accepted or marked?—A. The cheque was already accepted when presented to me and I asked him if he wanted the cash for it, and he said yes. There was no other comment other than that made in regard to cashing the cheque.

Q. So the conclusion was that he had a marked or accepted cheque?—A. Yes.

Q. And he presented that cheque to you himself for payment?—A. Yes, sir.

Q. He got the cash?—A. Yes, sir.

Q. You say you got the money out of the strong box in the vault?—A. Yes, sir.

Q. How did you get it? Had you access to it yourself or had the Manager or somebody else?—A. I had access with the Manager.

Q. You got the cash out of the vault?—A. Yes, sir.

Q. Did you ever have a similar transaction with the Hon. Mr. Murdock getting a cheque marked, accepted “good,” and then have the cheque withdrawn by the depositor himself?—A. Not for that amount, that I remember of.

Q. Did you ever have it for any amount—after having the cheque accepted and marked?—A. Cheques had been cashed on the account, yes.

Q. I am speaking of cheques that had been marked and accepted?—A. Not that I remember of.

Q. So this struck you as being rather an unusual occurrence?—A. Yes, rather.

Q. And so much so that you called your Manager's attention to it?—A. Yes.

Q. And after advising your Manager of it, did you receive some instructions from the Manager? Do not tell me what they were, but did you receive some instructions from him?—A. No, I did not.

Q. The Manager said nothing about it?—A. No.

Q. Why did you advise him of it?—A. Well, it was a large amount to pay over the counter. In the first place I had to go to the safe to get the cash, and that was under joint custody. The safe not being used in the day-time, in order to procure the cash I had to have the Manager open the safe with me. Other than that there was nothing more said or any comment made in regard to cashing the cheque.

Q. Was the amount of money that was withdrawn tied up in any particular way?—A. I beg your pardon?

Q. How was it done up?—A. The cash was done up in bundles of tens—100 to the bundle—four bundles of tens.

Q. And marked in any way?—A. Not that I remember of.

Q. Did you keep any track of the bills or the circumstances under which you paid out that much money?—A. No, I did not.

Q. No annotation of it of any kind?—A. No record of it other than the number of the notes that were paid.

Q. Did you do that of your own motion?—A. I beg your pardon.

Q. Did you do that of your own motion?—A. That I have always made a practice of doing.

Q. I am asking you if you did it on that occasion of your own motion or were you advised to do it?—A. No, I have done that always.

Q. Then, have you any knowledge of that money coming back through the Clearing House the following day?—A. That I am not in a position to say; I cannot remember.

Q. I am asking you whether you have any knowledge?—A. I have not, no.

Q. Who in the bank would have that knowledge if it was returned through the Clearing House—who would receive it?—A. The cash would come to me, naturally.

Q. Now, having made the annotation that you did, and spoken to the Manager of this extraordinary occurrence, of which you have spoken, can you say whether that money came back to you from the Royal Bank the next day through the Clearing House?—A. It cannot possibly go back the next day in the first place; it would be a matter of two days.

Q. Did it come back in two days through the Clearing House from the Royal Bank?—A. I am not positive whether those particular notes in this particular amount came back the second day or not.

Q. Did the same amount come back from the Royal Bank?—A. I cannot say, to be positive.

Q. You must have some idea of it.—A. It would have to come back, naturally, but to be positive of the date it was returned to me, I cannot say.

Q. But it did come back?—A. It would come back, yes.

Q. Through the Clearing House?—A. Yes.

By Mr. German:

Q. When you say "The money must have come back" what do you mean? Being Home Bank notes, they would necessarily have to come back to the bank?—A. Yes.

Q. And that is why you say that?—A. Yes.

Q. Where the Home Bank notes returned to the bank—the notes outstanding at the time?—A. Yes.

Mr. GERMAN: Now, let me look at that cheque, please.

By Mr. German:

Q. When you say this cheque had been accepted before it was presented to you you simply mean that it had been initialed by the ledger keeper?—A. Yes, sir.

Q. It had not been accepted in the ordinary course of the term? That is, could a man take this cheque to another bank and present it to them as an accepted cheque, by the Home Bank?—A. Yes, he could.

Q. Why? What is there on it that shows that?—A. Our acceptance stamp is on the cheque.

Q. But that is the ordinary course of business, is it not?—A. Yes.

Q. Was there anything in connection with this cheque different from your ordinary procedure in the bank?—A. No, sir, other than that the cheque had been marked before it was presented to me.

Q. That was done in all such cases?—A. Yes, sir; especially in large amount—

Q. For any amount? Were it done 10 days before or a month before or at any time before or at presenting a cheque for \$4,000, before you would pay the money on it would have to be accepted by the ledger keeper?—A. Yes, sir.

Q. There was no difference in connection with this cheque from any other cheque, in your ordinary course of business?—A. Yes.

Q. Then why do you say there was anything peculiar about it which caused you to call the attention of the Manager to it?—A. I did not call the attention of the Manager other than having to be able to get the cash and I had to get the Manager's attention to be able to do that.

Q. That is what I understood, but my learned friend has suggested there was something very peculiar about the cashing of this particular cheque. You had not the \$4,000 in your till?—A. At no time do we keep that amount.

Q. I understand—on that day you had not \$4,000 in your till?—A. No.

Q. And you never kept that amount of money in your till?—A. No.

Q. And if at any time that cheque was presented for payment it would have been market by the ledger keeper, and you would have had to go to the vault to get the money?—A. Yes.

Q. And the Manager would have to go with you?—A. Yes.

Q. Because he and you had the combination?—A. Yes.

Q. So there was no difference in connection with this cheque and its being cashed and passing through the bank from any other cheque of a similar amount which might have been presented?—A. Yes.

By Mr. Porter:

Q. Except what you have already told me—

Mr. GERMAN: What has he told you any different from that?

By Mr. Porter:

Q. You have said the cheque was marked before it was presented to you—

Mr. GERMAN: He said every cheque—

Mr. HANSON: Let him answer the question.

Mr. PORTER: Unless you are not through with him, Mr. German.

By Mr. Porter:

Q. You told me the cheque was marked before it was presented for payment?—A. Yes.

Q. And you asked him if he wanted it marked?—A. Yes.

Q. And he said he wanted the cash?—A. What I meant—

Q. Not what you meant at all. What was said?—A. I asked him if he wanted cash for the cheque and he said yes.

Q. Who was the ledger keeper? Mr. Munroe?—A. Miss Malloy, at that time.

By Mr. German:

Q. I suppose you would have done that with any person under similar circumstances?—A. Yes.

Q. There was nothing uncommon in asking a man whether he would take cash or a marked cheque away with him?—A. Not as far as I was concerned.

By the Chairman:

Q. Would you have done that six months before the 15th of August?—A. Would I?

Q. Would you have asked a person whether he wanted cash or not?—A. Yes.

Q. Or a year before?—A. Yes.

Mr. PORTER: That is all, Mr. Gumb.

(Witness discharged.)

Mrs. MARJORIE POWELL, called, sworn and examined:

By Mr. Porter:

Q. You were at one time employed, Mrs. Powell, in the Home Bank, Ottawa Branch?—A. Yes, sir.

Q. And that was before your marriage? You were Miss Malloy at that time?—A. Yes, sir.

Q. And you are now the wife of Mr. John Powell?—A. Yes.

Q. In what capacity were you employed in August, 1923?—A. You mean when the bank closed?

Q. Yes?—A. I was utility clerk, then.

By the Chairman:

Q. Utility clerk?—A. Yes.

By Mr. Porter:

Q. Do you recollect the cashing of a cheque by the Hon. Mr. Murdock on the 15th of August?—A. I do.

Q. What were you doing at that particular time?—A. I was relieving on the ledgers.

Q. What did you do with that particular cheque?—A. I marked it for the teller.

Q. How did you come to do that?—A. I was relieving on the ledger, and it was my work to mark any cheque before the teller cashed it.

Q. Who asked you to mark it?—A. The teller.

Q. The last witness, Mr. Gumb?—A. Yes sir.

Q. Did you mark that cheque so that it would be payable by any bank in the ordinary way?—A. Yes, sir.

Q. And handed it back to whom?—A. The teller.

Q. Did you see what took place after that?—A. Well, the teller did not have sufficient cash in his till, so he had to get the accountant who had the keys of the safe to get the balance of the amount asked for out of the cash of the safe.

Q. Yes?—A. That is what went on.

Q. Did you hear any conversation between Hon. Mr. Murdock and the teller at the time?—A. Only that he wanted cash, and not a marked cheque.

Q. Who said that?—A. Mr. Murdock.

Q. And was it following that remark that the money was taken out of the vault?—A. Yes sir.

Q. Did the teller have to leave his cage to do that?—A. Yes.

Q. Was the cheque marked in any way; that is, marked "good" in any way before the teller handed it to you?—A. No, I am the only one who could mark it.

Q. Then, after the cheque came into the possession of the teller it was handed to you to be marked?—A. Yes.

Q. Then handed back to the teller?—A. Yes.

Q. Did you see the teller make any notation on the cheque as to what money he paid out?—A. He always marked it he gave out any bunches of money; he always marked how many bunches on the back of the cheque, and the smaller amounts that he gave.

Q. Did you ever know of a marked cheque, a cheque that had been marked being refused?—A. Well, no; we never mark a cheque in a bank unless the person has sufficient funds to cover the cheque.

Q. And you have never known of one to be refused?—A. No.

Q. On this particular occasion, after the cheque was marked, and would not be refused, cash was insisted upon?—A. Yes.

Q. Was the matter called to the attention of your manager?—A. Yes. I brought the matter to the manager's attention myself.

Q. When was that?—A. When he came back from lunch. He was out to lunch at the time, and when he came back I went in and told him.

Q. Just what you have told us here?—A. About the money being drawn out. We always did in the case of a large amount, at least I did, because I was there the longest in the bank.

Q. Did you tell him what you have told the Committee this morning?—A. Yes, sir.

By Mr. German:

Q. I would like to understand one thing. You say you notified the manager about this large amount being drawn out, after the manager came back from lunch?—A. Yes sir.

Q. But the manager was there when Mr. Murdock drew the money?—A. No, the manager was not there. The teller made a mistake, it was Mr. Munro, the Accountant, who had the keys to the safe. The manager was out to his lunch.

Q. So what the last witness has told us is incorrect?—A. About the manager being there. He was not there.

Q. Then who went with the teller to open the safe?—A. The accountant.

Q. What is his name?—A. Mr. Munro.

Q. And how long after Mr. Murdock got his money and went out of the bank was it before the manager came back?—A. I could not just say; the manager took from an hour to an hour and a quarter for his lunch.

Q. So the manager knew nothing about it until after lunch, when you told

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him?—A. Yes, and he said he would take the matter up with Mr. Murdock.

Q. And Mr. Murdock had got his money by that time, and had gone away?—A. Yes.

Q. The cashing of this cheque was done in exactly the same way as any other cheque would have been cashed in the savings account?—A. Certainly.

Q. Nothing peculiar about it at all, was there?—A. No, but in cases of large amounts we always thought it best to bring the manager's attention to it.

Q. That would be in connection with any large amount?—A. Yes, certainly.

Q. At that time, or any time prior?—A. Yes, certainly.

Q. You say you heard Mr. Murdock say something about not wanting an accepted cheque?—A. Yes; he did not say that exactly, he said he wanted cash, he didn't want—

Q. Very well. You heard the last witness, the teller. That is what he said, that Mr. Murdock told him he wanted the cash?—A. Certainly.

Q. And that is what you heard?—A. Sure.

Q. Why did you say Mr. Murdock said he would not take an accepted cheque?—A. I didn't say he said that.

Q. Oh yes?—A. Oh, no, I did not.

Q. I understood you to say it.—A. Oh, no.

Q. What Mr. Murdock did say was that he wanted the cash?—A. Certainly.

Q. There was nothing peculiar about that, was there?—A. Nothing at all, no.

By Mr. Logan:

Q. When you accept a cheque it is debited to the account?—A. Certainly.

By Mr. Porter:

Q. What was the occasion for saying he wanted the cash? How did that arise?

MR. GERMAN: What was he doing at the teller's window? Did he want a drink or something?

By Mr. Porter:

Q. You have told me, Mrs. Powell, at least I understood that Mr. Murdock did not want an accepted cheque, he wanted the cash?—A. Yes.

Q. What did you mean by that? Tell me fully; I do not want anything irregular.—A. He wanted the money.

Q. How did you know?—A. When a person asks for cash, they want money, they do not want an accepted cheque.

Q. Is that all he said? The teller has told me that he asked him if he wanted cash, and Mr. Murdock said he wanted the cash?—A. Yes.

Q. At that time had the cheque been accepted, and handed back by you?—A. Certainly.

Q. So instead of having a marked cheque given back to Mr. Murdock, he wanted and got the cash?—A. Certainly.

Q. One further question. My learned friend, Mr. German, asked you if there was anything unusual about it. Is it usual for persons, after they get a cheque marked, to get the cash? Is that the usual course of business, in large amounts?—A. Oh, yes.

Q. That is the general thing?—A. Yes.

Q. To take the cash after the cheque is marked?—A. Yes.

H. K. MUNRO, called and sworn.

By Mr. Porter:

Q. You were employed by the Home Bank at one time, in the Ottawa branch?—A. In Ottawa, yes.

Q. In what capacity?—A. Accountant.

Q. In the month of August, 1923?—A. Yes, sir.

Q. You recall a payment to Hon. James Murdock on his cheque?—A. Yes sir, I do.

Q. On the 15th of August?—A. On the 15th of August.

Q. Just tell me in your own words, Mr. Munro, what you know of the presentation of the cheque, and the payment of it.—A. First it was drawn to my attention by the teller and the ledger keeper; they came to me, I think, both together, with the cheque certified. The teller did not have enough cash in his box to pay the cheque, so I, having charge of the treasury cash, went with him to get the cash to pay it. I quite recollect taking out four bundles of tens, out of the treasury, and giving them to the teller to pay Mr. Murdock.

Q. Do you recollect anything further happening in connection with it?—

A. No, there was not anything further to do, any more than that he got the cash and left.

Q. Are you aware that the cheque had been marked good?—A. Yes sir, I saw it.

Q. You saw it?—A. Yes sir.

Q. How did that happen, who asked to have the cheque marked?—A. It is a general rule in all banks—.

Q. Never mind the general rule.

The CHAIRMAN: Let the witness finish his answer.

Mr. PORTER: I do not want the general rule, I want to know what is happening in this case.

The CHAIRMAN: Let him answer.

The WITNESS: All cheques cashed by a teller in a bank are supposed to be certified before they are cashed, even if it is only for twenty-five cents. That is a general rule in all banks, so there was nothing unusual in having this certified.

By Mr. Porter:

Q. Who would hand that to the ledger keeper to be marked?—A. Mr. Murdock could hand it to her, or he could have handed it to the teller. I do not know which he did.

Q. And when that cheque is marked, is it then current with other banks?—A. Oh, yes, just the same as cash.

Q. Have you any knowledge, or did you hear any conversation between Mr. Murdock and the teller or with yourself why the cash was taken rather than the marked cheque?—A. I think I recall—I would not like to say for sure—that I heard Mr. Murdock say he wished to pay the money over in cash, but that was all that was said. We did not impress upon him to take a marked cheque, because it is not always good business to force a man to take something he does not want.

Q. In large amounts of that character is it usual or unusual to take cash instead of a marked cheque?—A. It all depends.

Q. I am speaking ordinarily, generally.—A. The ordinary business man would not take the cash; it is only in cases of notaries, or something like that who are paying up mortgages or something of that kind.

Q. Or making tenders?—A. Yes.

Q. Do you know whether that cash was returned to the Home Bank again through the Clearing House?—A. Four bundles of tens came back from the Royal Bank the next morning.

Q. Four what?—A. Four full bundles of ten dollar bills, through the Clearing House.

Q. Through the Clearing House?—A. Yes sir.

Q. Four hundred tens?—A. Yes sir.

Q. Were they tied up in any way so that you could identify them?—A. They were just the same, apparently, as they were given out.

By Mr. German:

Q. I suppose all the Home Bank notes that were outstanding came back to the bank?—A. Not necessarily to the Ottawa branch.

Q. Not necessarily to the Ottawa branch, but all the Home Bank notes that were in circulation in Ottawa would come back to the Ottawa branch?—A. Not necessarily. The bank closed on the 15th of August, and many would be shipped direct to Toronto.

Q. But the general rule in the Clearing House is to return to each branch in any locality the notes that are issued from that branch?—A. Oh yes, absolutely.

Q. That is in the ordinary course of business?—A. Yes. If the bank had not closed they would have come back.

Q. And all the notes would have come back?—A. All the notes would have come back.

Q. And coming back in two days was not an exceptional thing, was it?—A. No. They might not come back for weeks.

By Mr. Porter:

Q. That is just notes that had been paid into a bank that had come back?—A. Yes, notes that the other banks would accumulate.

Q. If these were the same notes that you had issued, they came back in the ordinary course of business?—A. Absolutely.

Q. That is what you expected?—A. Yes.

Q. And you would not have expected anything else?—A. We naturally expect them to come back.

Q. And of course, you cannot say whether these four hundreds were the same as those issued by you or not?—A. No, I would not swear that.

Q. You had issued large numbers of ten dollar bills?—A. Yes.

Q. And they would come back in bundles?—A. Not very often.

Q. But they do come back in bundles?—A. They come back the same way they go out.

Q. The Clearing House would make them up in bundles, would they not?—A. The tellers of the banks receiving them. In this case, if the notes were paid in to a teller in Ottawa—

Q. So these might or might not have been the same bundles; you cannot swear as to that?—A. No, I would not swear they were the same ones.

Q. Had you issued any such amount within a day or two?—A. This amount was paid Mr. Murdock the day previous, and naturally when you get the same amount back in the same condition, you would think they were the same notes.

C. H. CAMPBELL, called and sworn.

By Mr. Porter:

Q. You are the manager of the Rideau branch of the Royal Bank?—A. Accountant.

Q. What position did you occupy in the Royal Bank in August?—A. I was relieving teller in the second cage, Ottawa.

Q. That was at the main office?—A. Main office, yes.

Q. Did you receive a deposit for the Hon. James Murdock?—A. Not under his own name, no.

Q. In whose name?—A. In the name of his private secretary, Miss Sadie McCool, in trust.

Q. In the name of his private secretary?—A. Miss Sadie McCool, in trust.

Q. Do you recollect or can you tell me what time of day that was?—A. It was in the afternoon of the 15th; I would not swear to the time, but I fancy it was around three o'clock.

Q. What did you do with that money?—A. The money came in, in four hundred tens of Home Bank bills; I simply dropped them in my drawer; there was no sorting to do.

Q. And what was done?—A. They were cleared the next morning, that would be the morning of the 16th. They were made up into a parcel for clearing.

Q. To what bank?—A. The Home Bank, Ottawa.

Q. And was that done?—A. It was done, yes.

By Mr. German:

Q. They went back through the Clearing House in the ordinary course of business?—A. The ordinary course of business, yes.

By Mr. Porter:

Q. Was that the commencement of the account?—A. I think it was, yes. The accountant's initial was on that deposit, and it is on every new deposit.

Q. Mr. Murdock had not an account there before?—A. He had in his own name, yes.

Q. But this was not in his name?—A. No, this was in a trust account in the name of Miss McCool.

Q. Was it a savings or a current account?—A. Current account.

Q. Four thousand dollars?—A. Four thousand dollars.

Q. How long did that remain there?—A. I could not say; I was moved in October.

Q. Was it there then?—A. It was there then, yes.

By Hon. Mr. Murdock:

Q. Are you not mistaken when you say I had an account in the Royal Bank prior to that time?—A. I would not swear to that.

Q. But you have sworn to it, that I had an account in my name?—A. Pardon me, I am mistaken then.

Hon. Mr. MURDOCK: That should be verified, Mr. Chairman.

The WITNESS: I could not verify that. I simply knew Mr. Murdock had an account there, because I have cashed cheques on that account.

By Hon. Mr. Murdock:

Q. Since that date?—A. I could not swear to that. I knew there was an account there when I was on the cage. You have corrected me on that.

By the Chairman:

Q. Who could give us information regarding that?—A. The ledger keeper at that time.

By Mr. German:

Q. Is that cleared up, that Mr. Murdock did not have an account there in his own name?

The CHAIRMAN: The witness stated he corrected himself.

By Mr. German:

Q. Let us understand this. You said Mr. Murdock had an account in his own name prior to the 15th of August. —A. I said Mr. Murdock had an account there, but I did not say prior to that date.

Q. You did say prior, in your examination in chief.—A. I don't believe so. Is that not in the shorthand records?

Q. I want to know definitely. A. I cannot swear to that. I have cashed Mr. Murdock's cheques.

Q. Will you go to the bank and find out? A. Certainly, I can do that.

Q. Go down and find out at once, and come back and let us know.—A. I can do that.

By the Chairman:

Q. Do that immediately, will you?—A. Very well.

The CHAIRMAN: Have you any other witnesses, Mr. Porter?

Mr. PORTER: No, that is all the evidence I have.

The CHAIRMAN: You do not want to call Mr. Buchanan?

Mr. PORTER: No.

G. N. GORDON, called and sworn.

By Mr. German:

Q. Mr. Gordon, you are a practising barrister in Peterboro?—A. Yes sir.

Q. And you are Deputy Speaker of the House of Commons?—A. Yes sir.

Q. Did you see the Hon. James Murdock in his office in Ottawa on the 9th of August last?—A. Yes.

Q. And did you have a conversation with him regarding the Home Bank of Canada?—A. Yes sir.

Q. Did you at that time know that Mr. Murdock had any deposit in the Home Bank?—A. No, I did not know it then.

Q. What did you tell Mr. Murdock, in respect to the Home Bank?—A. I am not very clear what I told him about it, but my recollection is that I intimated that it was a lame duck, and I thought the next one to go.

Q. Without stating what it was, did you have any information in that regard?—A. No other information than I had known the year before that the stock had gone very low, which had given some investors the impression that it was not particularly sure, of its footing, and from time to time I used to meet lawyers and brokers and managers in Toronto when I was there on my various cases, on business, who would give me the impression that that bank was anything but strong; it would be one of those that would have to be taken over eventually, and did not have very long to go. I think it was a matter of general knowledge among solicitors for banks and so forth.

Mr. PORTER: That is not evidence, surely.

By Mr. German:

Q. What did you notify Mr. Murdock regarding this?—A. I did not notify him.

Q. What did you say to him?—A. We were talking about the work of the Session, and I told him I thought Parliament had made a mistake in that we

did not have some provision for bank inspection last Session, the way the situation was, and that it would have to come some time. From one thing to another, we discussed that bank and I think another bank's name was mentioned too.

Q. And in that conversation you made the statement to Mr. Murdock that you have mentioned here?—A. I know I told him that I felt we must do that, because that bank was one that would need attention.

Q. Did you specify any particular time as to when the bank would likely go to pieces?

Mr. HANSON: I object to that; just ask him what was said.

The WITNESS: No.

By Mr. Hanson:

Q. The conversation you had, Mr. Gordon, with Mr. Murdock, that information regarding the Home Bank was purely casual?—A. Yes.

Q. And at no point had reference to any impending or immediate failure?—A. I told him I thought it was not in a good condition, by any means.

Q. You told him it was a lame duck and the next one to go?—A. Yes, I think that was about the expression I used.

Q. And that was purely a personal opinion and not founded on any inside information?—A. No, I will not say that.

Q. What do you say in respect to that?—A. I have talked matters over with solicitors who have had dealings with that bank on behalf of corporations who had relations with it, and I know that they wanted their money.

Q. That was an opinion you picked up from people other than those connected with the bank?—A. Yes.

Q. Those who would have no intimate knowledge of the exact condition of the bank?—A. Not exactly. About a month before the Session adjourned Mr. Herb Daly and I sat up on the C.P.R. train for a couple of hours and talked matters over.

Q. That would be about a month previous?—A. I would think so, before the House adjourned.

Q. Where was that?—A. We left Ottawa—.

Q. Did Mr. H. J. Daly who, I understand, died this morning, state to you on that occasion that the bank was about to fail?—A. No.

Q. Or anything of the sort?—A. No, he did not state the bank was about to fail or anything of the sort.

Q. So you had no inside knowledge, on the 9th day of August, of the impending failure of the bank?—A. I suppose you might let me say perhaps something that Mr. Daly did say. I had known him when he was a Peterboro boy, his parents lived there and my firm had acted as solicitors for his father's estate. He was a man of very considerable means, so I knew him fairly well, and we were talking, and I was curious to know the condition of affairs in the country generally, and how well or how poorly the Government had done. I was asking him how he found business and what was going on, and he told me it was very uphill and difficult work for any of the smaller institutions to carry on.

Q. Just a general observation to that effect?—A. That was a part of it. We talked for two hours, over business conditions and other things.

Q. You told my learned friend, Mr. German, that you had no special knowledge on the occasion of your talk with Mr. Murdock, as to the concrete position of this bank.—A. No, it was general knowledge that I had acquired in this way.

Q. In the way in which you have intimated?—A. Yes.

Q. I suppose, as a matter of fact, the failure of the bank, when it did come, came rather as a shock to you, as it did to most of us?—A. Well, I thought something was coming.

Q. You did not know on that occasion or any subsequent date, until after this came out, that Mr. Murdock was a depositor in the bank?—A. No.—

Q. And he made no observation to you?—A. No; the first I saw was in the papers.

Q. That would be months afterwards?—A. Yes; probably a year after; months after anyway.

By Mr. Logan:

Q. The "Herb" Daly referred to is H. J. Daly, the President of the bank?—A. Yes, the President of the bank.

The CHAIRMAN: Are there any other questions?

By Mr. Porter:

Q. Did you tell anybody else but Mr. Murdock?—A. I told the Prime Minister the same thing the same day, or pretty much the same. I would not like to say positively about that, but I sought to impress upon him that I thought something should be done regarding bank inspection at an early date. I think I mentioned to him the danger of this bank, and I mentioned various things to him.

Q. You did not separate or distinguish one bank from any other excepting "a small bank," as you said?—A. Yes, I did.

Q. What bank? A. I made another guess which turned out to be right, of another bank required to take part of its reserve—

Q. That is as far as you need to go. Was it simply a guess you were making?—A. No, not altogether.

Q. From rumours and information that had come to your mind?—A. No. I have a brother who is a bank manager in Toronto and I knew several of the managers of trust companies. I knew that the Home Bank was talked about, I would say, a year ago.

Q. Did you get anything from the Home Bank, save what you have told us?—A. No, save what was confirmed by Mr. Daly's statement. I felt he confirmed it in his pessimism about small concerns being unable to carry on.

Q. "Hard sailing" you say?—A. "Hard sailing."

Mr. PORTER: That is all, Mr. Gordon.

Witness discharged.

The CHAIRMAN: We will have to wait now for Mr. Campbell. He ought to be here in a few minutes. We might as well discuss the date to which we will adjourn.

Mr. PORTER: Mr. Chairman, I want to get the evidence. I have only received the last two volumes now. Any reasonable time will suit me, only I hope it will not be Wednesday.

The CHAIRMAN: You realize yourself we are very anxious to make a report and close this thing one way or the other. You say that Wednesday will be too soon?

Mr. PORTER: Yes, I cannot spend any time on it on Wednesday, and the only time I will have is after the evidence is closed.

The CHAIRMAN: Will Thursday do?

Mr. GERMAN: There is nothing very much to this. Why cannot Mr. Porter go on and spend an hour, stating the grounds he thinks he has for making out his case?

[Mr. G. N. Gordon.]

CHARLES CAMPBELL, recalled:

By the Chairman:

Q. Mr. Campbell, under the same oath you have already taken, did you go to the bank and enquire whether Mr. Murdock had a private account at the main branch of the Royal Bank prior to the 15th of August, 1923?—A. The account was opened on October 31st, 1923.

Q. The account was opened—A. October 31st, 1923.

Q. That is the private account of Mr. Murdock?—A. Yes.

Q. So he had no account—A. Had no account in August at all.

The CHAIRMAN: Any other questions?

The witness discharged.

The CHAIRMAN: I am in the hands of the Committee. If Mr. Porter wishes to make a statement now—

Mr. PORTER: No, I want the evidence, Mr. Chairman.

The CHAIRMAN: I think it would be better to adjourn until Thursday morning at 10.30.

Mr. LOGAN: I think it is very unfair to keep the Minister out of the House of Commons until next Thursday. It seems to me we have given Mr. Porter all the time that is necessary.

Mr. PORTER: You have given me 15 minutes which is all I have asked for so far. I think I have been very diligent.

Mr. LOGAN: I think sufficient time is being consumed by this Committee to digest all the evidence given here, and it seems to me to ask for an adjournment until Thursday is asking for too long a time. Why could we not dispose of this matter to-morrow?

The CHAIRMAN: I understand other members of the Committee will not be hereto-morrow. Would not Wednesday—

Mr. PORTER: I will go on just as soon as I get the evidence. I want the evidence. I must have it to prepare my case. I want a decent, respectable time.

Mr. GERMAN: If you had the evidence to-morrow could you go on on Wednesday?

Mr. PORTER: I have a very important appointment for Wednesday, one, I think, of the most important of the session, and I really could not go on unless I am forced to.

Mr. GERMAN: It is very important for the Minister of the Crown too.

Mr. PORTER: I realize that. I have taken every minute I possibly could to hurry this thing along. I have agreed to everything the Committee has asked so far as speed is concerned.

Mr. LOGAN: I am wondering whether it is more important for Mr. Porter to be in the Church Union Committee than for Mr. Murdock to be in the House of Commons carrying on the business of the country?

Mr. PORTER: I would think that when sitting in the Church Union Committee I am carrying on the business of this country—and very important business too.

The CHAIRMAN: I am also a member of the Church Union Committee. We might be able to adjourn until 10 o'clock on Wednesday. I do not think we need very much time on this report.

• Mr. HANSON: It is hardly worth while arguing this case at all, under those circumstances.

Mr. PORTER: I think it ought to be felt by all the members of this Committee that we should have a reasonable time.

Mr. HANSON: That is only fair play.

Mr. RYCKMAN: When will we get this evidence? The evidence taken several days ago was just put in our hands.

Mr. HANSON: We just got last week's evidence this morning.

The CHAIRMAN: No. 1 and No. 2 were in the boxes of the members——

Mr. HANSON: Nos. 3 and 4 were just handed to us——

Mr. RYCKMAN: While in Committee this morning.

The CHAIRMAN: That is the evidence of Friday?

Mr. HANSON: Yes, June 6th.

The CHAIRMAN: Is it the pleasure of the Committee that we adjourn until Thursday morning at 10.30?

Carried. .

The Committee adjourned until Thursday, June 12th, at 10.30 a.m.



HOUSE OF COMMONS

SELECT STANDING COMMITTEE ON PRIVILEGES AND ELECTIONS

INQUIRY

RESPECTING WITHDRAWALS BY

HON. JAMES MURDOCK

MINISTER OF LABOUR

OF HIS DEPOSITS FROM

THE HOME BANK OF CANADA

Minutes of Proceedings and Evidence

No. 6—JUNE 12, 1924

WITNESSES:

Hon. James Murdock, Minister of Labour.

Miss S. McCool, Private Secretary to Hon. Mr. Murdock.

Select Standing Committee on Privileges and Elections

MINUTES OF PROCEEDINGS

ROOM 231, HOUSE OF COMMONS,

THURSDAY, 12th June, 1924.

The Committee met at 10.30 a.m. Mr. Archambault, the Chairman, presided.

Present.—Messrs. Archambault, Brown, Bureau, Ethier, Findlay, German, Guthrie, Hammell, Hanson, Jacobs, Johnston, Kelly, Kyte, Logan, Macdonald (Pictou), Miss Macphail, Morrison, Porter, Ryckman, Sexsmith, Stewart (Hamilton), Stewart (Leeds), Vien.—23.

The Chairman announced that Mr. G. T. Clarkson in response to a promise made when he was a witness before the Committee, had forwarded a statement showing withdrawals made from various branches of the Home Bank on August 15, 16 and 17, 1923.

Mr. German stated that Hon. Mr. Murdock would like an opportunity to reply to statements made by an official of the Royal Bank, Ottawa, who appeared before the Committee as a witness. No exception being taken, Hon. James Murdock was recalled. After making a statement and being examined thereon, Hon. Mr. Murdock was discharged.

On motion of Mr. German, Miss S. McCool, private secretary to Hon. Mr. Murdock, was called, sworn and examined, and was then retired.

This concluded the evidence.

The Chairman reminded the Committee of the practice usually adopted at this stage, viz. that members now debate the case and appoint a sub-committee to draft a report.

Mr. Porter moved that the following be the Report of the Committee:—

“Your Committee having considered the Resolution referred to the Select Standing Committee on Privileges and Elections on the 22nd May as follows:—

THURSDAY, May 22, 1924.

Ordered,—That the following:—

Mr. Porter, seconded by Mr. Guthrie, moved,—That E. Guss Porter, member representing the Electoral riding of West Hastings, in this House, having declared from his seat in the House that he is credibly informed and that he believes he is able to establish by satisfactory evidence that:—

The Honourable James Murdock, Minister of Labour, did withdraw from the Home Bank at its Ottawa Branch on the 15th day of August, 1923, two days before such bank's failure, thousands of dollars on deposit therein to his credit, using certain information he had received, as such Minister, of the likely immediate failure of said bank, and had received advantage and profit to himself to the extent of such withdrawals, contrary to his obligations as such Minister in derogation of his office and the honour, dignity and traditions of Parliament,

be referred to the Select Standing Committee on Privileges and Elections of this House to inquire fully into the said allegations with power to send for persons, papers and records, to examine witnesses under oath or affirmation, and that the said Committee do report in full the evidence taken before them and all other procedure on the reference, and the result of their inquiries to this House for such action thereon as this House may determine.

Attest.

W. B. NORTHRUP,

Clerk of the House of Commons.

and having heard the Evidence given by all witnesses submitted in support of the charge contained in said Resolution and all evidence and statements made in answer thereto and examined all exhibits filed on such inquiry beg leave to report as follows:—

“(1) That the charges contained in the said Resolution have been proven and sustained.

“All of which is respectfully submitted.”

Mr. German moved in amendment thereto that paragraph (1) be struck out and the following substituted therefor:—

“(1) The evidence taken by the Committee shows that Honourable Jas. Murdock on the 15th of August, 1923, drew out of the Home Bank of Canada at its Ottawa Branch, the sum of \$4,050, but there is no evidence to show that before so drawing out said sum he had received information as a Cabinet Minister, of the probable failure of said Bank. The evidence also shows that the only information Mr. Murdock had of the probable failure of said Bank was received as a private citizen from Honorable G. N. Gordon, in a friendly interview on the 9th of August, 1923.

“The Committee finds that Honourable Jas. Murdock did nothing in connection with the withdrawal of such money from the Home Bank contrary to his obligation as a Minister of the Crown, or in derogation of his office and the honour, dignity and traditions of Parliament, and that the charge submitted to this Committee for investigation, so far as it affects the honour of Mr. Murdock, is not only not proved but entirely disproved.”

After debate, the question being put on the amendment, it was agreed to on the following division:—

Yeas,—Messrs. Bureau, Ethier, Findlay, German, Hammell, Jacobs, Johnston, Kelly, Kyte, Logan, Macdonald (Pictou), Morrison, Sexsmith, Vien—14.

Nays,—Messrs. Brown, Guthrie, Hanson, Miss Macphail, Porter, Ryckman, Stewart (Hamilton), Stewart (Leeds)—8.

Mr. Stewart (Leeds) moved that the following be the Minority Report of the Committee for submission to the House:—

“A minority of your Committee having considered the Resolution referred to the Select Standing Committee on Privileges and Elections on the 22nd day of May, 1924, as follows:—

THURSDAY, May 22, 1924.

Ordered,—That the following:—

Mr. Porter, seconded by Mr. Guthrie, moved,—That E. Guss Porter, member representing the Electoral riding of West Hastings, in this House, having declared from his seat in the House that he is credibly informed and that he believes he is able to establish by satisfactory evidence that:—

The Honourable James Murdock, Minister of Labour, did withdraw from the Home Bank at its Ottawa Branch on the 15th day of August, 1923, two days before such bank's failure, thousands of dollars on deposit therein to his credit, using certain information he had received, as such Minister, of the likely immediate failure of said bank, and had received advantage and profit to himself to the extent of such withdrawals, contrary to his obligations as such Minister in derogation of his office and the honour, dignity and traditions of Parliament,

be referred to the Select Standing Committee on Privileges and Elections of this House to inquire fully into the said allegations with power to send for persons, papers and records, to examine witnesses under oath or affirmation, and that the said Committee do report in full the evidence taken before them

and all other procedure on the reference, and the result of their inquiries to this House for such action thereon as this House may determine.

Attest.

W. B. NORTHRUP,
Clerk of the House of Commons.

and having heard the Evidence given by all witnesses submitted in support of the charge contained in said Resolution and all evidence and statements made in answer thereto and examined all exhibits filed on such inquiry beg leave to report as follows:

“(1) That the charges contained in the said Resolution have been proven and sustained.

“All which is respectfully submitted.”

The Chairman ruled that a minority report could not be submitted to the House.

The Committee adjourned.

REPORTS OF THE COMMITTEE

SECOND REPORT

Your Committee, having considered the Resolution referred to the Select Standing Committee on Privileges and Elections on the 22nd May, 1924, as follows:—

“ THURSDAY, May 22, 1924.

Ordered,—That the following:—

Mr. Porter, seconded by Mr. Guthrie, moved, That E. Guss Porter, member representing the electoral riding of West Hastings, in this House, having declared from his seat in the House that he is credibly informed and that he believes he is able to establish by satisfactory evidence that:—

The Honourable James Murdock, Minister of Labour, did withdraw from the Home Bank at its Ottawa Branch on the 15th day of August, 1923, two days before such bank's failure, thousands of dollars on deposit therein to this credit, using certain information he had received, as such Minister, of the likely immediate failure of said bank, and had received advantage and profit to himself to the extent of such withdrawals, contrary to his obligations as such Minister in derogation of his office and the honour, dignity and traditions of Parliament,

be referred to the Select Standing Committee on Privileges of this House to inquire fully into the said allegations with power to send for persons, papers and records, to examine witnesses under oath or affirmation, and that the said Committee do report in full the evidence taken before them and all other procedure on the reference, and the result of their inquiries to this House for such action thereon as this House may determine.

Attest.

W. B. NORTHRUP,
Clerk of the House of Commons.”

and having heard the evidence given by all witnesses submitted in support of the charge contained in said Resolution and all evidence and statements made in answer thereto, and examined all exhibits filed on such inquiry, beg leave to report as follows:—

The evidence taken by the Committee shows that Honourable James Murdock on the 15th of August, 1923, drew out of the Home Bank of Canada at its Ottawa Branch, the sum of \$4,050, but there is no evidence to show that before so drawing out said sum he had received information as a Cabinet Minister, of the probable failure of said bank. The evidence also shows that the only information Mr. Murdock had of the probable failure of said bank was received as a private citizen, from Honourable G. N. Gordon, in a friendly interview on the 9th of August, 1923.

The Committee finds that Honourable James Murdock did nothing in connection with the withdrawal of such money from the Home Bank contrary to his obligation as a Minister of the Crown, or in derogation of his office and the honour, dignity and traditions of Parliament, and that the charge submitted to this Committee for investigation, so far as it affects the honour of Mr. Murdock, is not only not proved but entirely disproved.

Your Committee submit herewith the Minutes of Proceedings and Exhibits laid before the Committee, and evidence taken by them.

All of which is respectfully submitted.

Chairman.

MINUTES OF EVIDENCE

COMMITTEE ROOM 268,

HOUSE OF COMMONS,

THURSDAY, June 12, 1924.

The Select Standing Committee on Privileges and Elections met at 10.30 a.m., Mr. Archambault, the Chairman, presiding.

The CHAIRMAN: Gentlemen, the clerk of the Standing Committee on Privileges and Elections has received a report from Mr. Clarkson, the liquidator, showing the withdrawals which were made from the different branches of the Home Bank on the last few days before its failure, that is, on the 15th, 16th and 17th of August, 1923. You will remember, gentlemen, that this statement was asked for during the examination of Mr. Clarkson, and he did not have the statement at the time but promised to send it in two or three days. I surmise there is no objection to the filing of this statement with this evidence.

Mr. PORTER: I thought it was well understood that it should be filed.

The CHAIRMAN: Is it the pleasure of the Committee that this statement should be included with the evidence?

Agreed to.

E. R. C. CLARKSON & SONS

TORONTO, CANADA, June 9, 1924.

JOHN T. DUN, Esq.,

Committee on Privileges and Elections,
Ottawa; Ont.

Re Home Bank of Canada

DEAR SIR,—I beg to enclose you herewith statements of the withdrawals from the Toronto branches of the Home Bank on August 15th, 16th and 17th; also from the Ottawa, Montreal, Verdun and Mount Royal branches.

Yours truly,

G. T. CLARKSON.

SELECT STANDING COMMITTEE

TORONTO BRANCH

Customer	Morning balance	Withdrawals	Balance at close of business	Remarks
AUGUST 15, 1923.				
Chartered Trust (<i>Re</i> Ferguson Estate)...	\$ 1,187 10	\$ 1,187 10	Nil	
Phelan, A. R.....	3,544 73	3,544 00	0 73	
Phelan, N.....	638 66	656 00	17 34	Debit

AUGUST 16TH.

Estate E. O'Keefe.....	\$ 7,939 59	\$ 7,800 00	\$ 139 59	
Heuser, P. C.....	985 89	985 89	Nil	
McMulkin, F. & J.....	5,366 61	5,332 75	33 86	

AUGUST 17TH.

Chapman, G. L., In Trust.....	\$ 106 00	\$ 100 00	\$ 6 00	
Dalley, W. C.....	512 24	500 00	12 24	
Cutler, S. G.....	142 82	142 82	Nil	
Messias, V. F.....	90 61	90 61	Nil	
Messias, V. F. (Special A/C).....	60 00	600 00	Nil	
Ste. Anne's Tennis Club.....	119 41	119 41	Nil	

Certified,
G. T. CLARKSON.

CHURCH ST. BRANCH

AUGUST 15, 1923.

Munn, M.....	\$ 37 13	\$ 37 13	Nil	
Silverstein, A.....	85 58	84 58	\$ 1 00	

AUGUST 16TH.

Lec, W. C.....	\$ 1,129 63	\$ 1,000 00	129 63	
McLaren, S.....	158 14	156 50	1 64	
Sparrow, G.....	10,072 99	9,492 11	1,080 88	
(dep. Aug. 16).....	500 00			

AUGUST 17TH.

Brown, R. G.....	\$ 831 44	\$ 831 00	\$ 0 44	
Gooderham, L. A.....	144 79	125 00	19 79	
Gooderham, L. A.....	405 45	350 00	55 45	
Gooderham, L. A.....	1,027 99	850 00	177 99	
Gooderham, L.....	363 04	350 00	13 04	
Gooderham, E.....	200 07	176 00	24 07	
Gooderham, E. G.....	736 62	450 00	286 62	
Gooderham, E. G.....	1,666 62	1,300 00	366 62	
Lynar, P. J.....	447 30	447 30	Nil	
Lynar, P. J.....	953 06	953 06	Nil	
Mahoney, J.....	1,071	1,071 00	Nil	
Milne, J. H.....	9,150 98	9,128 55	22 43	Cheques for \$5,928.55 and \$3,000 appear as outstanding.
McAdam, J. L.....	559 48	559 00	0 48	
Trimble, C. W.....	27 79	27 79	Nil	
Wallace, N.....	2,706 73	2,700 00	6 73	
Wallace, W.....	360 69	360 00	0 69	
Wallace, W.....	4,868 42	4,870 00	1 58	Dr.

Certified,
G. T. CLARKSON.

BLOOR AND BATHURST

AUGUST 15, 1923.

Customer	Morning balance	Withdrawals	Balance at close of business	Remarks
Janaway, W. H.....	\$ 2 21	\$ 2 21	Nil.	

AUGUST 16TH.

Brennan, M.....	\$ 5 00	\$ 5 00	Nil.	
Uravell, J.....	\$ 90 00	\$ 90 00	Nil.	

AUGUST 17TH.

Armstrong, E.....	\$ 506 97	\$ 500 00	\$ 6 97	
Mason, H. J.....	760 86	726 91	33 95	

Certified,

G. T. CLARKSON.

QUEEN AND ONTARIO

AUGUST 15

Gugucheff, T.....	\$ 510 93	\$ 500 00	\$ 10 93	
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AUGUST 16th

Coy, W. A.....	\$ 246 06	\$ 245 00	\$ 1 06	
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AUGUST 17th

McDonald.....	\$ 76 27	\$ 76 27	Nil	
Ryan, D. J.....	896 04	890 00	6 04	

Certified,

G. T. CLARKSON.

RONCESVALLES

AUGUST 17TH.

Culver, E.....	\$246 05	\$240 00	\$6 05	
Lynch, G.....	118 99	117 50	1 49	
Muir, W. H.....	63 50	66 50	Nil.	

August 15th and 16th Nil.

Certified,

G. T. CLARKSON.

YONGE AND CHARLES

AUGUST 15TH

Nil.

AUGUST 16TH

Daly, H. J.....	796 95	500 00	296 95	
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AUGUST 17TH

Daly, H. J.....	\$ 296 95	\$ 200 00	\$ 96 95	
De La Haye, J. M.....	330 36	330 00	0 36	
De La Haye, J. M.....	119 19	115 00	4 19	
Cato, L. S.....	20 50	19 00	1 50	
Hayes.....	27 49	27 40	0 09	
Hart, J. A.....	19 64	19 60	0 04	
Hart, A. M.....	5 50	5 25	0 25	
Funnell, A. R.....	41 24	41 20	0 04	
Rooney, V.....	1,288 00	1,288 00	Nil.	

Certified,

G. T. CLARKSON

SELECT STANDING COMMITTEE

QUEEN AND KENILWORTH

Customer	Morning balance	Withdrawals	Balance at close of business	Remarks
AUGUST 15TH				
Pratt, P.....	\$ 1 59 \$	1 59	Nil	
AUGUST 16TH				
Nil				
AUGUST 17TH				
Bailey, C. G.....	\$ 1,804 94 \$	1,804 00	0 94	
Belton, H. J.....	16 20	16 20	Nil	
Cranston, R. M.....	15 92	15 92	Nil	
Davies, A. J. (Trust).....	28 13	28 13	Nil	
Davies, A. J. (Trust).....	30 12	30 12	Nil	
Davies, A. J. (Trust).....	19 46	19 46	Nil	
Egar, R.....	36 54	36 00	0 54	
Egar, E.....	1,503 93	1,503 00	0 93	
Farewell, C.....	55 00	55 00	Nil	
Farewell, A. J.....	76 53	76 53	Nil	
Reed, M.....	5 24	5 00	0 24	

Certified,
G. T. CLARKSON.

BROADVIEW AVENUE BRANCH

AUGUST 15TH				
Stover, G. N.....	\$ 266 44 \$	266 44	Nil.	
AUGUST 16TH				
Duprat, S.....	\$ 157 29 \$	150 00 \$	7 29	
AUGUST 17TH				
Sprunt, F.....	\$ 1 10 \$	1 10	Nil	
Mulock, J.....	\$ 10 00 \$	10 00	Nil.	

Certified,
G. T. CLARKSON

YONGE AND WOODLAWN.

AUGUST 15TH.				
Cain, S. C.....	\$148 25	\$148 25	Nil.	
AUGUST 16TH.				
Nil.				
AUGUST 17TH.				
Boston Cleaners.....	\$299 03	\$299 03	Nil.	
Hoad, H.....	25 23	25 23	Nil.	
Hunter, C. A. M.....	475 00	474 00	1 00	Redeposited Oct. 20.

Certified,
G. T. CLARKSON.

ST. CLAIR AND GLENHOLME

AUGUST 15TH				
Nil				
AUGUST 16TH				
Nil				
AUGUST 17TH				
Denneny, J. P.....	\$ 56 04	56 00	\$0 04	

Certified
G. T. CLARKSON

WEST TORONTO

Customer	Morning balance	Withdrawals	Balance at close of business
AUGUST 15TH.			
Patterson, J.....	\$ 26 33	\$ 26 33	Nil.
Walker, S. J.....	107 66	107 66	Nil.

AUGUST 16TH.

Murray, Z.....	\$ 8 61	\$ 8 61	Nil.
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AUGUST 17TH.

Nil.

Certified,

G. T. CLARKSON.

DANFORTH AND MAIN

AUGUST 15TH

Nil

AUGUST 16TH

Clarke, A.....	\$ 576 84	\$ 558 50	\$ 18 34
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AUGUST 17TH

Palmer, E.....	\$ 166 89	\$ 150 00	\$ 16 89
Walters, B.....	457 49	450 50	6 99

Certified,

G. T. CLARKSON.

OTTAWA.

AUGUST 15TH.

Murdock, Hon. J.....	\$4,150 24	\$4,050 00	\$ 100 24
Rogers, B. P.....	67 54	67 00	0 54

AUGUST 16TH.

Betty's Ltd.....	\$ 153 86	\$ 153 86	Nil
Crouch, R.....	500 92	479 34	21 58
Moloughney, P. J.....	82 85	82 45	0 40
Murdock, N. F.....	247 52	175 00	72 52

AUGUST 17TH.

Murdock, N. F.....	\$ 72 52	\$ 63 10	\$ 9 42
Wall.....	50 66	50 00	0 66

Certified,

G. T. CLARKSON.

MONTREAL

AUGUST 15TH.

Natl. Surety Co. (Prem. a/c).....	\$ 461 88	\$ 487 33	\$ 25 48 Dr.
Natl. Surety (Loss and Claim a/c).....	7,352 32	1,510 98	5,841 34

AUGUST 16TH.

Natl. Surety Co. (Loss and Claim).....	5,841 34	2,717 29	3,124 05
Hannan & Spratt.....	\$ 3,325 17	\$ 3,325 00	\$ 0 17

AUGUST 17TH.

Consumers Import Co.....	\$ 10,647 70	\$ 10,500 00	\$ 147 70
Consumers (Special Account).....	6,177 23	6,000 00	177 23
Canadian Surety Co.....	500 00	500 00	Nil

NOTE.—On Aug. 14, National Surety Co. withdrew from their insurance premium account \$25,509.19, from balance of \$25,971.05.

On Aug. 14, National Surety Co. withdrew from their Head Office Dept. account, \$7,217.07.

The above amounts were deposited in the Bank of Montreal.

Certified—

G. T. CLARKSON.

SELECT STANDING COMMITTEE

VERDUN BRANCH

Customer	Morning Balance	Withdrawals	Balance close of Business	Remarks
AUGUST 15TH				
Goyette, A.....	\$ 250 00	\$ 250 00	Nil	
AUGUST 16TH				
Nil				
AUGUST 17				
Duckett, J. M.....	\$ 1,958 44	\$ 1,958 44	Nil	
Dumontier, J. A.....	275 84	275 84	Nil	
Godin, O. H.....	293 48	293 48	Nil	
Godin, O. H.....	30 14	30 14	Nil	
Orsalia, J. & S.....	597 65	600 00	2 35	Dr.
Wolfe, D.....	444 27			
(Dep. Aug. 17th).....	61 00	420 00	85 27	
Tate, A.....	824 63	824 63	Nil	

Certified,

J. G. CLARKSON

MOUNT ROYAL

AUGUST 15TH, 1923.

Lazarus, E.....	\$1,000 00	\$1,000 00	Nil	
Rottenberg, S.....	500 79	500 00		79
Migiconsky, L.....	741 08	741 08	Nil	

Certified,

G. T. CLARKSON.

Mr. GERMAN: Mr. Chairman, it will be remembered that just before the close of the meeting of the Committee on Monday, a statement was made by one of the officials of the Royal Bank that this \$4,050 which had been drawn out of the Home Bank was deposited in the Royal Bank by a young woman, in her name, in trust. Mr. Murdock wishes to make a statement to the Committee regarding that, and I would move, Mr. Chairman, that Mr. Murdock be heard on this matter.

The CHAIRMAN: Is it the pleasure of the Committee that Mr. Murdock should be heard?

Mr. PORTERS I am not objecting. Of course the statement will be confined to that one question?

The CHAIRMAN: Yes, sir. Mr. Murdock, Mr. German has intimated that you wish to make a statement regarding remarks of the accountant of the Royal Bank in respect to the account which was opened in your name in trust. Do you wish to make a statement in regard to that?

Hon. Mr. MURDOCK: It probably would be advisable to clear up that point.

Hon. JAMES MURDOCK, recalled:

The CHAIRMAN: Under the same oath you have taken, do you desire to make a further statement to the Committee?

The WITNESS: Mr. Campbell, from the Royal Bank, was asked, as I recall it, if Mr. Murdock had made a deposit in the Royal Bank as of August 15th, and he replied, "No, not in his name." Then he was asked, "How did he

[Hon. James Murdock.]

deposit it?" and he said, "In the name of his private secretary, in trust." The facts are that when in my office I called in my secretary and simply handed her the money in an envelope and told her——

Mr. HANSON: I do not think you can tell what you said to your secretary. Tell us what you did.

The CHAIRMAN: He can tell what he told her.

Mr. HANSON: I don't think he can tell what he said to his secretary.

The CHAIRMAN: What is your objection to that, Mr. Hanson?

Mr. HANSON: That would not be evidence.

The CHAIRMAN: Certainly it would be evidence.

Mr. HANSON: Not at all.

The CHAIRMAN: Surely he can say what he did.

Mr. HANSON: He can tell what was done.

The CHAIRMAN: The law is that a witness cannot state what was said by other parties——

Mr. HANSON: Any admission made by him against his own interests would be evidence, but not otherwise.

The CHAIRMAN: Any other member wish to speak on the objection?

Mr. GERMAN: He is about to explain how the money came to be deposited in the name of his private secretary in trust.

The CHAIRMAN: I think this evidence is legal.

The WITNESS: I will give it in another way. I was sitting in my office with \$4,000 in 400 ten-dollar bills in an envelope, which I expected to place in a safe depository. As a legal gentleman from Toronto was waiting to see me in connection with an injunction in which he had been engaged by the Government, and this was the only time I could see him—right between the two meetings of the Cabinet—I rang the bell and called in my secretary and handed the envelope to her with the money in it, and said, "Go and deposit that money in the Royal Bank so that you can draw on it as you have been doing on the other account."

By Mr. German:

Q. Had she been drawing in other banks?—A. She had a power of attorney since about September, 1922, just before I went overseas to Geneva in 1922.

Q. She had a power of attorney to draw on your account?—A. Yes, and you will notice that eighteen of those cheques out of the twenty are drawn by her.

Mr. GERMAN: That is all.

By the Chairman:

Q. Is that all you wish to say, Mr. Murdock?—A. I think that is all.

By Mr. Hanson:

Q. You did not tell her to put it in her name in trust?—A. I told her to put it in the Royal Bank so she could draw on it as she had been doing before.

Q. The other deposit was in her own name?—A. Yes.

Q. You know now that this was not in your name?—A. I do, and I knew before she went out of the room that this would not be in my own name.

By Mr. German:

Q. Why?—A. I think possibly the secretary could clear up that point better than I could. I have told you what instructions I gave her.

Q. Where is the secretary?—A. She is here.

The CHAIRMAN: Any further questions to ask Mr. Murdock?

The Witness discharged.

Miss SADIE McCool, called, sworn and examined:

By Mr. German:

Q. I believe you are the private secretary to the Hon. James Murdock?—

A. Yes sir.

Q. On the 15th of August you took \$4,000 in money from him to deposit in the Royal Bank?—A. Yes.

Q. It seems you deposited it in your own name in trust?—A. Yes.

Q. Will you explain to the Committee why you did that?—A. I came in from lunch and Mr. Murdock called me into his office where he was eating lunch. He had an appointment with a man and he said, "I have not time to go out, will you take this money and deposit it in the Royal Bank so you can draw it like you are drawing on my other accounts?", and I replied, "I cannot do that without a Power of Attorney unless I put it in my own name in trust".

Q. What happened then?—A. He said, "All right", and waved his hand, and I went out.

Q. That is all there was to it?—A. That is all there was to it.

Q. I understand you paid his personal accounts and drew cheques on his personal account?—A. I did, always on instructions from him.

The CHAIRMAN: Any further questions of the witness?

Witness discharged.

Mr. GERMAN: That is all, Mr. Chairman.

The CHAIRMAN: That concludes the evidence, I understand. Now, the general practice is that the members can argue, and then a sub-committee is named to draft a report. This report is presented to the Committee, and there is generally a vote, unless it is unanimous. This was the proceeding at the last inquiry which was held in 1911 in regard to Mr. Lanctot. Now, do you wish to make your argument, Mr. Porter, to the Committee, or do you wish to wait until the sub-committee has made a report?

Mr. PORTER: Oh no, Mr. Chairman, I think I would prefer to make the statement which I think I should make, at this stage, and before the Committee has proceeded to consider the matter farther.

The CHAIRMAN: That is your right, Mr. Porter.

Mr. PORTER: I may say, Mr. Chairman, that I have prepared a full argument upon the case, but after having submitted the evidence which I undertook to submit, when the matter came before the House, and having adduced all of that evidence, so far as I was permitted to give it,—not all that I had nor all I intended to give—but having given what I was permitted to give, presenting it to the Committee in an impartial way, without feeling, and in as fair a manner as I possibly could, I have considered the position that I occupied at that time and the position I should take before this Committee in the matter of presenting an argument which would necessarily serve the purpose of endeavoring to influence the Committee, or persuade the Committee, or convince the Committee that they ought to make a conviction in this case, and find against the accused, and upon careful reflection, I have come to the conclusion that I personally ought not to do that. I have no desire to obtain the finding of this Committee against the accused unless the evidence warrants it. I do not want to put forth any effort that would even have the appearance or might be said to be trying to get a conviction or finding against the accused upon

[Hon. James Murdock.]

any other ground than that the evidence warrants that conclusion. I have not appeared, nor do I want to appear hostile to the accused at any time or in any manner. I have acted, or endeavored to act to the very best of my ability simply as I conceive it to be the performance of a serious public duty, and I have, therefore, come to the conclusion that I will not present an argument upon the case. I think, as far as I am concerned, I should leave the matter as it is now, and submit it to you, with the Committee entirely unfettered in any way by what I might say, and free from any personal feeling, free from any political feeling, or bias, or any other improper consideration or influence. I have decided to do this, Mr. Chairman, realizing that the personal honor of every honourable member of this Committee is involved in the determination of this question. I know, and fully realize, what a committee can do; what is in its power to do, if they are willing to simply close their eyes and "go it blind", so to speak, or if they be unduly and improperly influenced. But, Mr. Chairman, I have no right to expect any such conduct as that from any honourable member of this Committee; I expect, on the contrary, a fair, honest and unbiased judgment or decision in this case. I have a right to expect that; I have no right to expect anything else.

With that statement, Mr. Chairman, I simply submit that upon the proceedings which have taken place before the Committee, the Committee's report should be in the words following, or the same effect, and I submit and move this before you, sir, as the finding of the Committee in this investigation:—

"Your Committee having considered the Resolution referred to the Select Standing Committee on Privileges and Elections on the 22nd day of May, 1924, as follows:—

"Ordered that the following

THURSDAY, May 22, 1924.

Mr. Porter, seconded by Mr. Guthrie, moved,—That E. Guss Porter, member representing the electoral riding of West Hastings in this House, having declared from his seat in the House that he is credibly informed and that he believes he is able to establish by satisfactory evidence that;

The Honourable James Murdock, Minister of Labour, did withdraw from the Home Bank at its Ottawa Branch on the 15th day of August, 1923, two days before such bank's failure, thousands of dollars on deposit therein to his credit, using certain information he had received, as such Minister, of the likely immediate failure of said bank, and had received advantage and profit to himself to the extent of such withdrawals, contrary to his obligations as such in derogation of his office and the honour, dignity and traditions of Parliament,

be referred to the Select Standing Committee on Privileges and Elections of this House to inquire fully into the said allegation with power to send for persons, papers and records, to examine witnesses under oath of affirmation, and that the said Committee do report in full the evidence taken before them and all other procedure on the reference, and the result of their inquiries to this House for such action thereon as this House may determine.

Attest.

W. B. NORTHRUP,

Clerk of the House of Commons.

"and having heard the evidence given by all witnesses submitted in support of the charge contained in said resolution and all evidence and statements made in answer thereto and examined all exhibits filed on such inquiry beg leave to report as follows:—

(1) That the charges contained in the said resolution have been proven and sustained.

All of which is respectfully submitted."

Mr. KYTE: It is understood that the usual practice is to be followed in such cases of appointing a sub-committee to discuss the matter?

The CHAIRMAN: Yes. I pointed out to Mr. Porter that the usual practice which has been followed previously in the last inquiry of a similar nature is to appoint a sub-committee to make a draft report, and this draft report is submitted to the Committee, on which there is a vote.

Mr. PORTER: I so understand, Mr. Chairman, but notwithstanding that, I desire not to avail myself of the opportunity to argue this case. I make that motion, and of course you can refer it to the Committee, or the Committee can refer it to a committee, or do what you like, but I move that, as what I think ought to be the finding of this Committee.

The CHAIRMAN: It is your right to make this motion, no doubt, but may I be allowed to make a suggestion, although of course you are the master of your own conduct. If you wish to withdraw this motion you could make the same motion before the sub-committee, of which undoubtedly you will be a member, and it will be submitted as one of the drafts. At the last inquiry in the Lanctot case, in 1911, the sub-committee handed in two reports, report "A" and report "B," and then there was a vote taken by the Committee on these two reports. You could do the same thing here. You could have this report before the sub-committee, and we probably would call this report "A," and if any other member did not agree with your finding, he could make another draft which would be called report "B," and the Chairman of the sub-committee would report to the whole Committee that no agreement had been reached, and there were two drafts submitted, and he would ask for a vote as to the opinion of this Committee on the two reports. I think that would be a better procedure.

Mr. PORTER: I have carefully read that case and considered it, Mr. Chairman. It is, as the Chairman has properly stated, my privilege to move this now, and I prefer to follow that course. Of course, there is nothing to preclude the Committee from referring it to a sub-committee or moving an amendment that it be submitted to a committee. They can take that course if they see fit, but this is my last "say" before this Committee and I wanted to place this before them.

Mr. HANSON: I second that motion.

Mr. GERMAN: This is the first time in my experience I have ever known of a person who made charges such as these, had them investigated by a committee, and then does not in any way whatever substantiate or attempt to substantiate these charges by pointing out the portions of the evidence which would lead the Committee to come to the conclusion that the charges were proven. Now, Mr. Porter—

Mr. PORTER: May I interrupt for a moment. That will be done, but not by myself. I think I should not do it personally.

Mr. GERMAN: I thought Mr. Porter was about as capable, or perhaps the most capable of carrying out that work as any member of this Committee.

Mr. PORTER: I thank you for the compliment, but I don't think I ought to do it.

Mr. GERMAN: As Mr. Porter has made his motion, I will move, Mr. Chairman, in amendment:—

"That paragraph 1 of this report be struck out and the following substituted therefor:—

"The evidence taken by the Committee shows that Honourable Jas. Murdock on the 15th of August, 1923, drew out of the Home Bank at its Ottawa Branch, the sum of \$4,050, but there is no evidence to show that before so drawing out said sum he had received information as a Cabinet Minister, of the probable failure of said bank. The evidence also shows that the only information Mr. Murdock had of the probable failure of said bank, was received as a private citizen, from Honourable G. N. Gordon, in a friendly interview on the 9th of August, 1923.

The Committee finds that Honourable Jas. Murdock did nothing in connection with the withdrawal of such money from the Home Bank contrary to his obligation as a Minister of the Crown, or in derogation of his office and the honour, dignity and traditions of Parliament, and that the charge submitted to this Committee for investigation, so far as it affects the honour of Mr. Murdock, is not only not proved but entirely disproved."

Mr. LOGAN: I will second that motion, Mr. Chairman.

The CHAIRMAN: Are there any members who wish to speak on this motion or resolution?

Mr. Porter moved, seconded by Mr. Guthrie: "That this Committee having considered the resolution referred to the Select Standing Committee on Privileges and Elections on the 22nd day of May, 1924, as follows:

Ordered—that the following: Thursday, May 22, 1924.

"Mr. Porter, seconded by Mr. Guthrie, moved that E. Guss Porter, member representing the electoral riding of West Hastings, in this House, having declared from his seat in the House, that he is credibly informed and that he believes he is able to establish by satisfactory evidence that;

The Honourable James Murdock, Minister of Labour, did withdraw from the Home Bank at its Ottawa Branch on the 15th day of August, 1923, two days before such bank's failure, thousands of dollars on deposit therein to his credit, using certain information he had received, as such Minister, of the likely immediate failure of said bank, and had received advantage and profit to himself to the extent of such withdrawals, contrary to his obligations as such in derogation of his office and the honour, dignity and traditions of Parliament,

be referred to the Select Standing Committee on Privileges and Elections of this House to inquire fully into the said allegation with power to send for persons, papers and records, to examine witnesses under oath of affirmation, and that the said Committee do report in full the evidence taken before them and all other procedure on the reference, and the result of their inquiries to this House for such action thereon as this House may determine.

W. B. NORTHRUP,

Clerk of the House of Commons.

and having heard the evidence given by all witnesses submitted in support of the charge contained in said Resolution and all evidence and statements made in answer thereto and examined all exhibits filed on such enquiry beg leave to report as follows:

(1) That the charges contained in the said Resolution have been proven and sustained.

All of which is respectfully submitted."

Mr. German moves in amendment that paragraph be struck out and the following be submitted therefor:—

"The evidence taken by the Committee shows that Honourable Jas. Murdock on the 15th of August, 1923, drew out of the Home Bank of Canada at its Ottawa Branch, the sum of \$4,050, but there is no evidence to show that before so drawing out said sum he had received information as a Cabinet Minister, of the probable failure of said bank. The evidence also shows that the only information Mr. Murdock had of the probable failure of said bank, was received as a private citizen, from Honourable G. N. Gordon, in a friendly interview on the 9th of August, 1923.

"The Committee finds that Honourable Jas. Murdock did nothing in connection with the withdrawal of such money from the Home Bank contrary to his obligation as a Minister of the Crown, or in derogation of his office and the honour, dignity and traditions of Parliament, and that the charge submitted to this Committee for investigation, so far as it affects the honour of Mr. Murdock, is not only not proved but entirely disproved."

The question is on the amendment. All those in favour will signify by saying "Yes."

Mr. RYCKMAN: Mr. Chairman, before this question is put I desire to say a few words to the Committee, and in order that the Committee may be well informed, I may say that I had no idea that Mr. Porter, who has conducted this inquiry, intended to take the position which he has this morning taken. I had no idea whatever that I would be required to say anything, although I expected that in the course of the sitting there would be a consideration of the whole of this important matter, so important to ourselves, to Parliament, to the country, and to the Minister whose name is involved; so important that I think, up to the present time, there has been no more weighty matter dealt with by any Committee of Parliament than this.

I desire, Mr. Chairman, to make a few remarks. The special character of this Committee is one that is beyond question. As Mr. Porter has said, each member of this Committee, on his honour, is pledged to divest himself of party spirit, and the intention to render any party service. That is an obligation that is inherent in membership on this Committee, and any member of this Committee who is unwilling to discharge this obligation to the full, according to his conscience, and his ability, should retire from the Committee. We are a court, and as a court we have to deal impartially with this whole matter. There is committed to us not only the preservation and safe-keeping of our own honour and integrity, but we are the guardians in this case of the honour and integrity of a Minister of the Crown, and, in fact, of the traditions of Parliament in that behalf. I am convinced, Mr. Chairman, from the evidence that has been adduced before this Committee and from the manner in which the proceedings of this Committee have gone forward, that the Minister of Labour did not do what was right on the 15th of August, 1923, when he withdrew that deposit from

the Home Bank, and at no subsequent time after that date has the conduct of the Minister been in accordance with the integrity and dignity of his position as a Cabinet Minister, down to this very moment when I am attempting to address the Committee.

There is a case in England which I think it would be important for every member of this Committee to read before he undertakes to discharge the serious obligation resting upon him in casting his vote upon this matter which has been submitted in the resolution and the amendment thereto, which are now before you. That is the Marconi inquiry which was debated on June 18 and 19, 1913, in the British House of Commons. The rules established by that case, because there was great unanimity by all the leaders of Parliament who addressed the British Parliament on those two days, are very plain. These rules are as stated by one of the then accused, Sir Rufus Isaacs, later Lord Chancellor—

Hon. Mr. BUREAU: Lord Chief Justice.

Mr. RYCKMAN: —yes, Lord Chief Justice, and presently Viceroy of India—

Hon. Mr. MACDONALD: Have you a copy of the resolution adopted by the British House in that matter?

Mr. RYCKMAN: I have, but it was very hard to get. There were two books in the library, but they have been out of reach of us since the 27th of May.

The CHAIRMAN: I have tried to get the book, myself but I have not been able to.

Mr. GERMAN: I will get it for you in a moment.

Mr. RYCKMAN: The rule is laid down by Sir Rufus Isaacs, one of the gentlemen whose conduct was complained of, and is as follows:—

“No Minister should use any information which he obtains as a Minister for the purpose of making private profit or of furthering his private interests. Of that there can be no doubt.”

Hon. Mr. MACDONALD: In that particular case, was it admitted that Mr. Lloyd George and Sir Rufus Isaacs did make a profit by speculating in shares?

Mr. RYCKMAN: A profit and a loss was made, and the situation there was, and the facts are rather involved—perhaps it would be well to state them. There was an English Marconi Company which had tendered to supply Marconi service to the British Government—I will be as brief as I can—then there was an American company which was formed on this side of the water. Mr. Godfrey Isaac, a brother of Sir Rufus, was the General Manager. They also tendered to the British Government, although that was not completed in the form of a binding contract. The American company and the English company had a mutually beneficial scheme—

Hon. Mr. MACDONALD: The American company was subsidiary to the English company?

Mr. RYCKMAN: No. The American company was incorporated on this side of the water, the English company was incorporated on the other side of the water. The American company bought, as I recall it, the control of another Marconi company on this side of the water and shares were issued by the American company, and the American company's shares were bought by Sir Rufus Isaacs and the Rt. Hon. Mr. Lloyd George, and the Patronage Secretary of the Liberal Party, the Master of Elibank, now Lord Murray. Allegations appeared in the British Press that Cabinet Ministers were purchasing for speculation English shares. That was made in different form. Serious charges were made that the Ministers had purchased these shares, and that they had no right to do so, but as it developed, the Ministers had not purchased any of those shares. There was no charge of corruption against them. But it did turn out that they had purchased shares in the American company, and when the opportunity was afforded they came before Parliament at the first opportunity offered to them,

and stated their position to the people of the country, so as to avoid the unfair, altogether erroneous and most reprehensible statements that were made regarding the Ministers of the Crown. When the matter came before the British House of Commons it was upon a resolution that these Ministers, although they were not guilty of corruption, although it was found that they had acted in all respects as they were entitled to act, that they should, at the first moment offered to them, clear themselves of the charges that were made in the public Press of the country, and these Ministers admitted, and admitted without reservation, that they had done what was wrong in not telling Parliament at the very outset that they were interested in shares of the American Marconi company, although the question of the ownership of those shares was not before the country at all, and there was no charge of improper conduct made against these Ministers in respect to these American shares at all.

The CHAIRMAN: May I ask what was the finding, Mr. Ryckman? I have been trying to get the book and could not.

MR. RYCKMAN: Well, if you tell me to take up time I must do it. The first resolution was this. It was moved by Mr. Cave, afterwards Lord Cave:—

“I beg to move that this House regrets the transaction of certain of His Majesty’s Ministers in the shares of the Marconi Company of America, and the want of frankness displayed by Ministers in their communication on the subject to the House.”

This resolution was not carried, and there was an amendment which was moved and carried on a division:

“That this House, after hearing the statement of the Attorney General and the Chancellor of the Exchequer with reference to their purchase of shares in the Marconi company in America, accepts their expressions of regret that such purchases were made, and that they were not mentioned in the debate of 11th October last, acquits them of acting otherwise than in good faith, and reprobates the charges of corruption brought against Ministers which have been proved to be wholly false.”

HON. MR. MACDONALD: What was the allegation there, Mr. Ryckman, as to why Sir Rufus Isaacs and Rt. Hon. Mr. Lloyd George purchased those shares? Was it not that they had some information, as Ministers, as to a certain contract made by the Post Master General with the English Marconi company?

MR. RYCKMAN: I know my hon friend has had this book, or at all events it was taken out of the library in his name. This inquiry lasted over hundreds of pages and it is not proposeful, it seems to me, so far as this present matter is concerned, to go into all the details of this Marconi matter, because the facts are very voluminous.

HON. MR. MACDONALD: Yes, and very simple facts which ought to be known since we are discussing the question as to whether Sir Rufus Isaacs and Mr. Lloyd George purchased these shares in the Marconi company, after they had private information of a contract which was made by the Post Master General with the English Marconi company.

MR. RYCKMAN: If you have read the case you must know there was no agreement between the American Marconi company and the English Government whatever. The only thing they could establish in the way of relationship between the American company and the English company is that there was an agreement for mutual work or benefit between the two trans-Atlantic companies.

Now, to proceed. I have stated the rule as laid down by Sir Rufus Isaacs that:—

"No minister should use any information which he obtains as a Minister for the purpose of making private profit or of furthering his private interests."

and to that he adds: "Of that there can be not doubt." There was certainly no exception taken to that. He goes on to say:

"A Minister should not place himself in a position which might reasonably expose him in the opinion of fair-minded men to a suspicion of corruption, even if his own conscience is clear and if in taking that position he is acting honestly."

Mr. Asquith, in laying down the rules, said—and this, I submit, covers this case—"No Minister is justified, under any circumstances, in using official information, information that has come to him as a Minister, for his own private profit or for that of his friends."

Hon. Mr. MACDONALD: Surely it is not pretended Mr. Murdock made any profit out of anything he has done?

Mr. HANSON: He has saved himself a loss.

Mr. RYCKMAN: I do not wish to argue that point, because I do not think it is not arguable. If, as Mr. Murdock has sworn, he was getting his money out of the Home Bank to avoid a loss, I would say that if you avoid a loss, you are getting something for yourself, or, to use the words of Sir Rufus Isaacs—

Hon. Mr. MACDONALD: In that case you are quoting from—

Mr. RYCKMAN: Just let me finish. To use his words, "information he obtains for the purpose of making private profit or for furthering his private interests," and the Minister has sworn that he thought that he was saving himself from a loss; therefore, I submit in the judgment of this Committee, he was furthering his private interests.

Hon. Mr. MACDONALD: In the case you are quoting, Sir Rufus Isaacs and Rt. Hon. Mr. Lloyd George bought shares for thousands of pounds. Nobody here alleges that Mr. Murdock profited by one cent.

Mr. RYCKMAN: As my hon. friend well knows, the whole range of the duty, liability or obligation of the Cabinet Ministers was discussed, and these rules which I have stated, and which I submit govern this case, were laid down by Sir Rufus Isaacs, one of the accused, and by the Rt. Hon. Henry Asquith, the Leader of the Government, and upon these statements of the case I am prepared to rest the issue here, and I am prepared to show, Mr. Chairman, from the evidence, that these being the rules, there has been a distinct infraction of them by the Minister of Labour in dealing with his deposit in the manner he did on the 15th day of August, 1923, and in dealing with this matter from the 15th day of August, 1923, down to the present time.

Sir Rufus Isaacs also says that the precaution which has to be taken by a Cabinet Minister as against exposing himself to a reasonable suspicion of a fair-minded man. That being the case, and this deposit having been withdrawn, there was a suspicion, I submit, cast upon the Minister. The moment that the Minister had to explain why he withdrew the deposit two days before the bank failed—that very moment the onus shifted and rested upon the Minister. The Minister when the statements were made in the newspapers charging him with conduct unbecoming a Minister—and the papers were full of it—should have made an explanation if he had any explanation to make. At the opening of Parliament in February of this year, and these stories being current, the duty was incumbent upon the Minister to make a frank and full statement to the House. When that was not done, when the 22nd day of May came along it was then his duty to make a frank and full statement regarding this matter to the House. He did not do that. He made a statement which was not full, and

which was not frank, and I submit upon that fact alone—leaving aside the question of his oath of office—and from his attitude toward this matter, in view of the serious allegation which had been made against him, he has failed to justify himself in any respect. The very first thing that Sir Rufus Isaacs did when the charge was made against him—

Mr. JACOBS: You now argue that the Minister should have expressed his regrets?

Mr. RYCKMAN: I argue that at the very first moment when these allegations were made in the newspapers touching the honour of this House, as it touched the Minister's honour, and touched our honour, that it was his duty not only to himself, but to Parliament and to us to have made a full and frank statement. The very first thing that Sir Rufus Isaacs said on arising was:—

“I desire to say at once to the House that my object in rising at this the earliest moment which is open to me, and the first opportunity which has presented itself to me since the Select Committee was appointed in October of last year, is not to argue the case in detail or to deal with all the various points which have been raised and put, if I may say so, with great moderation and complete fairness by the honourable and learned member who moved the resolution.”

I may say, Mr. Chairman, that the Select Committee was appointed not to inquire into the conduct of the Ministers in purchasing these shares, but to inquire into whether there was corruption in the letting of the Marconi contract; it was not any inquiry as to the conduct of Ministers. Mr. Asquith, when speaking, said that it was the duty, the obvious duty, to make a perfectly full disclosure, and to do so at the very earliest moment. That being so, there is no statement had from the Minister until the statement given in the House on the 22nd of May, which I submit was not a full, free and thorough disclosure of the facts of the matter. We did not get that until this very morning, when the Minister made a further statement, and put his private secretary into the witness box. What did he say previous to that? I am reading from Hansard, page 2501:—

“The Hon Member charges that I made no attempt to clear up the charges that were made against me in the press as early as 20th February last. I should like to say in all seriousness that my experience has been that if I attempted to clear up all the charges that are made against me in the press, I might not have time to do much else.”

What is the answer to that? Here are serious charges made from one end of the country to the other, in all the papers——

Hon. Mr. MURDOCK: Tory papers only—.

The CHAIRMAN: Order.

Mr. RYCKMAN: He goes on to say:

“I will read some correspondence that speaks for itself and deals with this matter.”

He does not state what is stated in the correspondence is true. He has come here and stated what was stated in the correspondence was incorrect and misleading. What do you find in the letter of May 14th which the Minister referred to on this occasion?

“On August 15th last I withdrew from the Home Bank, Ottawa Branch, \$4,050, and made this withdrawal in the ordinary course of business.”

It was not the ordinary course of business. He has stated before this Committee that it was an exception, that he had never had occasion to change his account because of the failure of a bank; that once before he had changed his account, but he admits himself that this was an exception. Then he goes on to say:—

“ I do not think I am under any legal obligation to do so ”—
that is, to return the money.

“ but no depositor of the Home Bank will suffer through any act of mine and especially so in my position as a Minister of the Crown.”

He concludes by saying:—

“ So, Mr. Speaker, that is all which it would seem necessary for me to say at the present time. I leave the matter entirely in the hands of the House.”

Then, on the 28th of May, this inquiry was opened. Does the Minister make a statement then? Not at all. Does he offer to make a statement? Not at all. The first time he makes a statement is at page 18 of the testimony, where he says this:—

“ If they have evidence to adduce, Mr Chairman, let them put it in; I am not stopping them.”

That is not the position to take. The Minister was on trial, and we should have had his full and complete statement, and conducted this inquiry in the light of that full and free and frank statement, if it had been given. On the 4th of June we met, and again on the 5th of June and no statement was made. On the 6th of June a statement by the Minister is made, and in that testimony there is a statement made by an hon. member of this Committee which is incorrect, and I desire to draw the Committee's attention to it.

The CHAIRMAN: What page?

Mr. RYCKMAN: Page 74:—

“ Mr. PORTER: Mr. Chairman, with all respect to my hon. friend I think it is rather late in the investigation for that offer to be made. ”

“ Mr. GERMAN: It was made at first.”

Mr. Chairman, I submit that is incorrect. Not only is it not in the notes of the Committee that the Minister offered at the commencement of this inquiry to make a statement dealing with this matter.

The CHAIRMAN. Mr. Ryckman, may I point out to you that if this case is to be considered similar to a case in court, an accused could never be forced to make a statement. That has been the constant jurisprudence of British and Canadian law. If an attorney made the statement to a jury regarding the fact that the witness did not appear, the judge would probably take the case from the jury.

Mr. RYCKMAN: I am very glad you mentioned that. The procedure in this case is not that of a case in court. The Minister has not the benefit of an accused charged with an indictable offense. Anyone who reads this Marconi matter will find that the situation is altogether different. They will find that the moment there has been conduct which a fair-minded man might hold in suspicion, then it is the duty of the Minister to declare the facts of the case.

Mr. JACOBS: And not having done that what happens, Mr. Ryckman?

Mr. RYCKMAN: Not having done that there is unanimity that he is a subject for censure and should be censured.

Mr. JACOBS: There was no censure in the British House in England.

Hon. Mr. MACDONALD: A lot of these rulings may be made by fine speeches in theory, but when those who made the speeches came to resolutions they decided the matter on entirely different lines from the way they had talked.

The CHAIRMAN: There was no censure.

Mr. RYCKMAN: What was before them was entirely different from what is before this Committee.

Hon. Mr. MACDONALD: The allegations were ten times more serious than anything involved in this matter.

Mr. RYCKMAN: Not at all. I may read the resolution again. The resolution first moved was this:—

“That this House regrets the transactions of certain of His Majesty’s Ministers in the shares of the Marconi company of America and the want of frankness displayed by Ministers in their communication on the subject to the House.”

That was the whole resolution.

The CHAIRMAN: That did not carry?

Mr. RYCKMAN: No, that did not carry, but there was no such serious allegations as there was in this case.

Hon. Mr. MACDONALD: Ten times more serious.

Mr. RYCKMAN: In that resolution there was not.

Hon. Mr. MACDONALD: The allegations in that case were that Sir Rufus Isaacs and the Rt. Hon. Mr. Lloyd George profited, as Ministers, by an agreement between the Post Master General and the British Marconi company, and went out and bought shares in the Marconi company.

Mr. RYCKMAN: I submit that was not before the House at all, and if you will take the trouble to read what is here reported as said on both sides of the House, you will find that is not so.

Hon. Mr. MACDONALD: You say it is not admitted these gentlemen bought shares in the American Marconi company?

Mr. RYCKMAN: I did not say that. I said it was admitted, but I said there was no question of any corruption of any party, nor any question in doing so that they had not a perfect right so to do, but it was held it would have been the finer thing if they had not bought shares, but the gravamen of the charge was that they had not given full information to the House.

Hon. Mr. MACDONALD: The allegation was that these gentlemen profited by the knowledge of an agreement made with the British Government, and purchased shares in the Marconi company.

Mr. JACOBS: They are speaking of the subsequent proceedings. Sir Rufus Isaacs and Mr. Lloyd George regretted they had not been more frank, and the House accepted their regrets, and it was all settled.

Mr. RYCKMAN: Sir Rufus Isaacs said:—

“Let me tell the House that although I thought those transactions quite unobjectionable—I thought they were correct, and that there could be no question raised with regard to them—I say now that if I had had all the facts present to my mind at the time I entered into that transaction, if I had known then all that I know now, if all had been disclosed to me which subsequent events have revealed, if I had realized that men could be so suspicious of any action of mine, if I had thought that such misrepresentation could possibly exist, I state quite plainly that I would not have entered into the transaction.”

a transaction which was agreed by everybody to be quite a proper transaction and not tainted by corruption at all—

“I need scarcely tell the House that I have given this matter very careful consideration before I made this statement, and I say solemnly and sincerely that it was a mistake to purchase those shares. The mistake arose from the fact that, as I say, it never occurred to me that I could be suspected, and I did not know all that I have subsequently learnt. In applying the test of the rule which I have laid down, I think it would be better to err on the side of caution, and although I have the gravest doubt at this moment whether that rule which I formulated can be said to apply to this case—I have the gravest doubt whether it could be said that any fair-minded man could have come to the conclusion or could have suspected that I had been guilty of corruption if he knew that I had bought American Marconi shares—I will not balance it on too fine a point; I will state that I should not have gone into the transaction. And I want the House to understand when I say this that I do it not merely because of the trouble which may have been caused to colleagues and to political friends and even to political opponents, of which I am deeply conscious, but because it was possible that it might give rise to misconception, that the transaction might be made in suspicious minds to assume an atmosphere of suspicion, the colour and complexion of which never occurred to me at the time. I should not stand at this Table speaking as a Minister, making the statement you have just heard from me, if that statement was not in my own deliberate judgment and in my innermost conscience a full, fair, and frank statement of my feelings and opinions with regard to the whole matter in controversy. I beg the House to believe that no personal consideration would have induced me to come to this conclusion. I have tried to banish all personal considerations from my mind in forming my judgment. I am guided in the course I have now taken solely by my desire to preserve the best traditions of public life, to say no word and to do no act which could by any possibility be construed as relaxing the rigidity of the rules of conduct properly applicable to Ministers of the Crown. This House may lay down rules, but in the end it is not rules but the high principle and the public honour of our public men, to whatever party they may belong, which are the best safeguards for the purity of our public life.”

I won't read the whole debate, but you can see that the gravamen of the charge against the Ministers when they had an opportunity to spill all these complaints and false charges which were made throughout the country, did not do it, and, therefore, were subject to censure as Cabinet Ministers.

Now, the testimony of the Minister of Labour has been given. It has been impossible owing to the rulings which have been made to ask him as to the presence of members at a Cabinet meeting. He has admitted that he was there himself. He has not attempted to tell the Committee, in the full and frank statement which he should have made, that it was from information that he got from Mr. Gordon that he withdrew the money. There is no statement made in the testimony that, “Owing to the information which Mr. Gordon gave me, I withdrew that money.” He intimates he has other information. He was asked the question, “There were other circumstances which brought the matter to a head on the 15th?”, and the answer of the Minister was, “Yes.” Now, what the Minister could have done, and what he has not done, and upon which he has convicted himself since our questions regarding what might take place at a Cabinet meeting by the Ministers were ruled out of order, was this: that he has

never said that which we are entitled to presume he could not say because it would have been contrary to the rule, "It was not through any official information that I withdrew that money." He has never said that. He has taken care not to say it. That statement has not been made. Then, since all the precedents show that a Minister who is charged, should at the earliest opportunity make a full and frank statement of all the facts relating to the matter, we are entitled to draw our inference from the fact that the Minister has not made that statement. The onus was on him, and he is "convicted," if I may use the word, by his refusal to give us the particulars of this matter, or to say,—and his counsel would have been very alert to have him say—that it was not through an official communication. That would not be disclosing anything that took place in Council, if he were to say, "It was not through any official communication that I withdrew the money." But there has not been one word of the Minister's that has touched upon that point. I say he has carefully refrained from mentioning that, when his duty was to disclose fully and freely his position in the matter.

Now, I do not wish—

Hon. Mr. MURDOCK: Put him back on the stand and ask him those questions.

The CHAIRMAN: Order. I may say to Mr. Murdock that he has no right to interrupt the members of this Committee in their argument.

Mr. RYCKMAN: The fact remains that there were in the city of Ottawa on the evenings of the 14th and 15th of August men who came to see Ministers of the Government. They did see them. They saw these Cabinet Ministers, and they were frank to tell us that they thought the matter of the Home Bank of sufficient importance to be brought before the Government. That is very plain. This money was taken out immediately after a Cabinet meeting. That also is very plain. We are told that the dating of the cheque on the 14th of August is a mistake. I am prepared to take the Minister's statement on that ground. I would say that might well apply, but the Minister should have cleared it up—that the antedating of that cheque was a mistake. When the matter opened in this Committee, the member for Dorchester (Mr. Cannon) was alert to point out that the cheque was dated on the 14th. We find this cheque antedating the Cabinet meeting, but that was a mistake. We find the money has been withdrawn from the bank, and withdrawn under circumstances which I need not repeat to the Committee. What was done with it? We learn only in the last meeting of this Committee that the money was not put in the name of the Minister as it has been, but for the reasons given this morning, in the name, not of the Minister, but of the Minister's private secretary. A statement was made which is untrue. The Minister admits that there was no payment to be made on a house; that this money at the time it was drawn, was not drawn for that particular purpose. Surely, in public life, especially a man who is a Minister of the Crown, is not going to give stories to the press which are incorrect and misleading, nor to members of this House or this Committee, nor should we in an inquiry of this kind into the conduct of a Minister, come to the last day of an inquiry and then learn for the first time that the money was withdrawn and not re-deposited in the name of the Minister. Ask yourselves why this was done. So that it could be drawn upon? Was it not drawn upon before? All of these cheques, as the Minister has pointed out, when the account was in the name of the Minister, were drawn by Miss McCool. How was it that this \$4,000, which landed in these bills in the Royal Bank, and were transferred back the next day to the Home Bank—how was it that this account was put in the name of Miss McCool in trust? It will not do to say that was done so that she could cheque against it, because she had chequed against the other account, and the cheques will show that, with the exception of two.

Now, Mr. Chairman, I certainly have come to the conclusion, and I say it, asking that full credence be given to it, that the onus being on the Minister to make a full and frank statement at the very outset of this inquiry, and not having done that, under the authorities he is subject to justifiable censure. I go further and say—and I do not wish to insult the intellect of anyone—that it will be very hard for any one to come to the conclusion, since the Minister himself has not closed the door, that that money withdrawn on the 15th of August was not withdrawn through information that was then current amongst the Cabinet Ministers in Ottawa with regard to the Home Bank; admittedly so. Further, let me say if the Minister had been anxious to clear up this matter there is a way of relieving the secrecy of the Council Chamber. That can be done by application to His Excellency. It has been done, but was not done in this case, because if it had been, I am satisfied that this Committee would conclude that the evidence—

Hon. Mr. MACDONALD: Where do you get the theory that a Cabinet Minister can go to His Excellency and be relieved from the obligations of his oath?

Mr. RYCKMAN: That has been done before.

Hon. Mr. MACDONALD: What has His Excellency got to do with a man who has taken his oath?

Mr. RYCKMAN: The Cabinet could act, as well.

Hon. Mr. MACDONALD: Never heard of such a thing.

Mr. RYCKMAN: You are hearing it now.

Hon. Mr. MACDONALD: You are putting forth some very peculiar theories.

Mr. JACOBS: Where is your authority for that?

Mr. RYCKMAN: That was done in the inquiry in which Sir George Foster was concerned.

Hon. Mr. MACDONALD: Swearing to the oath is a personal obligation.

Mr. JACOBS: I have never heard of such a thing.

Mr. RYCKMAN: The question came up of disclosures—

The CHAIRMAN: Mr. Ryckman, I do not want to—

Mr. RYCKMAN: Mr. Chairman, as has been stated it is a serious thing not to judge of the weight of the evidence in a charge of this kind, the onus being upon the Minister, and I submit, in all fairness, that that onus has not been discharged.

Hon. Mr. BUREAU: Before the hon. gentleman sits down, I wish to say that there seems to be an imputation on the whole Cabinet, that they may go to the Governor General and be relieved from their oath of secrecy. I do not want to assume anything like that, unless my hon. friend produces his authority. He ought not to make any such statement, casting reflections upon the Cabinet, unless he has positive authority showing it can be done and has not been done in this case.

Mr. JACOBS: I submit it is not the place at the end of the gentleman's peroration to make a serious allegation of that kind without letting us have some proof. My idea of the Cabinet oath is very different from that of my learned friend.

Hon. Mr. MACDONALD: Mr. Chairman, I do not care what precedent Mr. Ryckman says he has; as a Member of the Privy Council, and as one who has taken the Privy Councillor's oath, I do not understand that there is any human authority which can relieve one from carrying out his obligations.

Mr. GERMAN: Mr. Chairman, my hon. friend propounded in the last words that he uttered a most astounding theory which, if to be applied to all cases of this kind, would lead to an exceedingly serious situation. He says the onus was upon Mr. Murdock to prove himself innocent of this charge, a proposition I venture to say he never heard of in a court of justice, or in committee, or any deliberative body of any kind in this or any other country.

Mr. RYCKMAN: That is not correct. I will refer you to a case in a court of justice, if you are asking for it.

Mr. GERMAN: Where the onus is placed upon a man charged with an offence, practically a crime—the onus placed on him to prove himself innocent? An important charge being laid against a man, he is held to be guilty and the onus placed on him to prove himself innocent? It is such an astounding proposition that it does not need argument to the contrary. Now, my learned friend has suggested a case which took place in England. I wish to say that I am in full accord with every word that was stated by these distinguished statesmen with regard to the matter; I would not detract from nor add one syllable to what was said by these men. But that is not this case, nor anything like this case. Those men were charged with failing to disclose what could have been disclosed by the Cabinet Ministers in October of the year previous, when the question came up in the British House of Commons regarding certain alleged contracts between the Marconi company and the Post Master General, these men being alleged to have been connected with—It is true not the British company, but with the American company, but the two were practically subsidiary companies, having the same interests, and the advantage to one would be, to a large extent, an advantage to the other.

Mr. JACOBS: Mr. German, they were not subsidiary companies; they were in no way connected with each other.

Mr. GERMAN: It was suggested in that argument by, I think Lord Cave, that the benefits which were derived to the English company would, at any rate to a certain extent, be reflected—

Mr. JACOBS: Sympathetic.

Mr. GERMAN: Have a sympathetic effect on the American company. At any rate, that is not this case. What is this charge? The hon. Minister of Labour is charged with using information he had received as such Minister of the likely immediate failure of the Home Bank, and had received advantage and profit to himself to the extent of the withdrawal of \$4,050, contrary to his obligation as such Minister, in derogation of his office and the honour, dignity and traditions of Parliament. There is a direct charge of using information which he had received as a Member of the Cabinet to gain personal advantage to himself. Now, surely it is for the gentlemen who have lodged that complaint against the Minister of Labour, to prove their charge, and to prove it by evidence which is convincing, so that there may be no reasonable doubt in the minds of hon. members of this Committee. We are sitting here practically as a jury in this matter. The charges laid by the hon. Member for West Hastings (Mr. Porter), and he has produced his evidence to substantiate that, and he moves a resolution, after setting out the charge, that, "The charges contained in the said resolution have been proved and sustained."

Now, I do not intend to devote any time to what took place in England years ago. I intend to devote my time to the evidence given in this case. Let us see whether there is any evidence which establishes this charge—and the evidence is very short. My learned friend stated, at the opening of these proceedings, that I said there was no suggestion that Mr. Murdock could make a full and free statement. Perhaps not actually in those words, but I did make a statement at the beginning of these proceedings that I did not think it was necessary to call witnesses to prove what was being admitted. Mr. Murdock had admitted he had \$4,000 in the bank; he had admitted on the 15th of August that he drew that money out of the bank. Why call witnesses to prove that? I did not say so in those words, but he was here and the inference was that he was willing to go on the stand, as he did later, and make his statement freely and frankly.

Now, what is the evidence to sustain that charge? On the evening of the 15th of August, Mr. Stewart, one of the directors of the bank, came to Ottawa, and with Hon. Mr. Graham, Hon. Mr. Robb and Mr. Saunders, the Deputy Minister of Finance, went to the Prime Minister's house and had a conversa-

tion there, asking that assistance be granted by the Government to the Home Bank. That is all there was to that. The next day there was a Cabinet meeting in the forenoon, which Mr. Murdock attended, which Mr. Robb attended, which Mr. Graham attended, and which the Prime Minister attended. In the afternoon of that day Mr. Murdock drew out of the Home Bank \$4,050, which he deposited in the Royal Bank, and afterwards, on that day, Mr. Robb, the Acting Minister of Finance, went to Montreal and there met the directors of the Home Bank. Now, so far as direct evidence is concerned, that is all—absolutely all. Stewart came here; did not see Murdock; only saw Graham, Robb and King the next day. Murdock draws the money out of the bank. That is all the evidence. It is on that evidence, and that evidence alone, that my hon. friend asks this Committee to convict Mr. Murdock of this heinous crime and misdemeanor. Why, gentlemen of the Committee, you would not convict a cat on that sort of evidence. Circumstantial evidence is good evidence; circumstantial evidence is very often the only evidence that can be had; many a man has been hanged on circumstantial evidence and nothing else; many a man has been convicted of an offence—men have been convicted of all sorts of offences on circumstantial evidence. But what does circumstantial evidence mean? It means you must not only have circumstances which are consistent with guilt, but those circumstances must be such as are inconsistent with any other reasonable conclusion, even though they be consistent with guilt. Let us assume for a minute that these circumstances would be consistent with Mr. Murdock's guilt; are they consistent with any other reasonable conclusion. Even assuming that the following morning the closing of the Home Bank was discussed, are the circumstances not consistent with him not having heard of that at all? Certainly they are, and no one can draw any other conclusion. All that could possibly rest in the mind of any man would be a suspicion—a strong suspicion, if you will—but only a suspicion, and my learned friends, and any other man who has a knowledge of law and of court practice, knows that no man can be convicted on mere suspicion, no matter how strong that suspicion may be. There is not a judge in the land who will tell a jury that they can convict on suspicion. That is all we have got here, even on the evidence, which is submitted by, what we may call, the prosecution; nothing which amounts to more than suspicion that Mr. Murdock heard in Council meeting on the morning of the 15th of August of the early closing of the Home Bank.

Let us see the other side of the story. That being laid down, it may be said Mr. Murdock should answer that. Very well, I concede that. Now, what happened? Does not the evidence show pretty clearly there was no mention of the Home Bank at the Cabinet meeting on the morning of the 15th? What do we find? We find in Mr. King's evidence at page 92, Mr. Porter reading as follows:—

“Q. Do you recollect whether he mentioned the amount of deposit which would be necessary in order to enable the bank to tide over its difficulty?—A. I do not recall the exact amount. The impression made on my mind was that it would require a very considerable sum, and I was aghast when the suggestion was made and immediately said that the circumstances which he had mentioned were sufficient in themselves to make it impossible for the Government to consider for a moment transferring any of the public funds into the bank's treasury, that they could not be considered.”

Then, further than that Mr. Saunders says, in answer to a question by Mr. Porter as to whether the trouble was financial trouble, “Yes.” The Prime Minister had said that before, and that is what Mr. Saunders said, that:—

" Mr. Graham and Mr. Robb explained the situation to the Premier and the Premier emphatically said that the Minister of Finance could not use public funds to help them out, and there was some discussion along those lines.

" Q. Some discussion along those lines—in what way do you mean? Were suggestions made?—A. Along the line of the situation of the bank.

" Q. What was virtually the condition of the bank disclosed at that time?—A. Well, the inference drawn was that if there were any demands made on them within the next day or two, they might not be able to meet them, and it would result in closing their doors."

Then, in answer to a question by myself:—

" Q. You say that on the night of the 14th the request of Mr. Stewart, as a director, was that the Government should make a deposit in the Home Bank for the purpose of protecting the bank against a run on the funds?—A. I did not say that, Mr. German. I say the request was that the Government assist them in some way—in any way, it seems—any way at all to help them over. They did not mention anything in my presence about a special deposit.

" Q. And what was the reply of the Prime Minister?—A. The Prime Minister gave them emphatically to understand that he could not recommend that the Minister of Finance could use the public funds in helping them out.

" Q. That appeared to be a settled matter as far as the Prime Minister was concerned?—A. Yes, it was settled almost as before it began.

" Q. And the Prime Minister so expressed himself?—A. Yes.

" Q. To Mr. Stewart?—A. To all of us.

" Q. There could be no question about it? The Government would not consider the granting of any assistance?—A. He said 'could not' consider the granting of temporary help then, in any way.

" Q. And then it was arranged that night that Mr. Robb should go to Montreal the next day?—A. I left, Mr. German. It was the next morning Mr. Robb told me—

" Q. At any rate it was the next morning. How early in the morning?—A. About ten o'clock.

" Q. And Mr. Robb told you he was going to Montreal that afternoon?—A. Yes.

" Q. To be of assistance to the directors in their interview with the Bankers' Association?—A. No; I did not quite take it that way. I understood he was to go to Montreal and if anything should turn up with the Bank of Montreal or Sir Vincent Meredith—I think they intended to see him. If Sir Vincent Meredith could do anything for them and Mr. Robb could assist in any way—

" Q. Then, Mr. Saunders, according to you, was it definitely settled on the night of the 14th by the answer of the Prime Minister that there could be no governmental assistance?—A. Yes, direct to them. As I said, in speaking of it, they had nothing to sell; there was nothing in their assets; they had no security; there could be no straight Government advances or loans to them on the condition they stated the bank to be in.

" Q. That appears to have been settled on the night of the 14th at the Prime Minister's house?—A. Yes."

There it was distinctly stated by the Prime Minister, the Minister of Finance, and Hon. Mr. Graham, three of the most important members of the Government, at the Prime Minister's house, that there would and could be no assistance from the Government to the bank; it was settled that Mr. Robb

should go to Montreal the next afternoon, to be of assistance, if possible, to them before the Bankers' Association. All that being so, why would it be necessary—and again I submit it was not necessary—to bring that up before Council the next morning? The thing was settled. Why bring it up before Council? The Prime Minister had emphatically said, in the presence of the Finance Minister, "No; no assistance from the Government." For that reason, can we not infer that it was not mentioned the next morning at all in the Cabinet Council. It was all settled that Mr. Robb should go to Montreal—settled the night before, because he told Mr. Saunders at ten o'clock in the morning, when they reached the office, that he was going to Montreal. That was before the Council meeting was held at all, so there is a clear inference that there was no mention of this matter before the Privy Council on the morning of the 15th.

Mr. RYCKMAN: What inference do you get from the statement of the Prime Minister that it should be brought before Council?

Mr. GERMAN: No——

Mr. RYCKMAN: The Prime Minister said the matter was of Cabinet importance.

Mr. JACOBS: "Bring it before his colleagues," I think he said.

Mr. RYCKMAN: Bring it before the Government.

Mr. GERMAN: What does Mr. Murdock say? Asked by myself:—

"Q. Had you not prior to August 15th had any information of the financial standing of the Home Bank, or as to its solvency or insolvency?—A. Yes, I had some days prior to that received what looked to me to be very conclusive information that it was not a safe place to leave my sessional indemnity.

"Q. That was your sessional indemnity?—A. Yes. I drew it as a lump sum on July 3rd and deposited it in the Home Bank and changed its location on August 15th."

Then to the Chairman he said:—

"Q. Have you any objection in stating, Mr. Murdock, under what circumstances you received that information?—A. I have no objection to stating anything that will be of assistance to the Committee.

"Q. Just answer my question?—A. I received that information from a member of Parliament some few days before, or, to be exact, on the 9th of August.

"By Mr. Porter:

"Q. Would you tell us who the member was?—A. The Deputy Speaker.

"Q. The Hon. G. N. Gordon?—A. Yes.

"By the Chairman:

"Q. What information did you receive?—A. Mr. Chairman, my memory would be faulty to indicate just exactly what I received, but I did receive that from hearing Mr. Gordon recite various facts in connection with the Home Bank, its then present position, and references to some of those who were connected with the Home Bank, and this gave me to understand that it was not by any means a safe institution. Further than that I do not think I could say definitely."

Then, questioned by Mr. Porter, he said:—

"Q. I understand, Mr. Murdock, that you said you received that information on the 9th of August?—A. Yes, the 9th of August.

"Q. And you allowed from the 9th of August till the 15th of August to elapse before taking any action in regard to the withdrawal?—A. I did not withdraw between those dates.

"Q. And after the meeting of the Cabinet on the morning of the 15th you did withdraw?—A. I withdrew around one o'clock on August 15th.

"Q. And the Council meeting or Cabinet meeting on the morning of the 15th adjourned about what time—12.30?—A. I stated around 12.40 or 12.45. I cannot be sure as to the exact time.

"Q. And then about fifteen minutes after that you withdrew the money?—A. About one o'clock or around one o'clock.

"Q. I take it then you went practically directly from the Council to the bank?—A. I am not sure whether I went to my office first or not.

"Q. But practically directly to the bank?—A. Very reasonably shortly afterwards.

"Q. And after getting information from Mr. Gordon did you get any further information?—

"And after getting information from Mr. Gordon did you get any further information"—the question was repeated—and the answer was "No." Then he was asked the question: "you say 'No'?" and the answer again was "No." Mr. Porter, seeing the importance of that question and the importance of the answer to that question pressed it on Mr. Murdock. The question was really objectionable but no objection was taken. Then it goes on to say:—

"Q. You say 'No'?—A. 'No'."

"Q. Of any kind or description—or anywhere?—A. Not that would form my opinion in regard to the matter.

"Q. It may not have formed your opinion, but did you get any other information?—A. No one else had discussed that matter with me at all.

"Q. Had you any better knowledge on the 15th as to the condition of the bank than you had on the 9th?—A. I would say not.

"Q. Why did you get in such a hurry on the 15th?—A. Well, I do not know whether it was a question so much of getting in a hurry—

"Q. It seems to be——

"The CHAIRMAN: Let the witness finish his answer.

"The WITNESS: I proceeded to do on the 15th what I intended to do, and no doubt would have done, excepting that I neglected it for several days.

"By Mr. Porter:

"Q. But it was so important on the 15th that you thought you could not leave it any longer?—A. There were other circumstances that brought the matter to a head on the 15th, yes.

"Q. Then did you state to any person any reason for drawing the money?—A. No, sir.

"Q. You only drew it out for the purpose of saving it from possible loss?—A. Changing the location.

"Q. And saving it from possible loss?—A. Naturally.

"Q. And after withdrawing the money did you re-deposit it in the Royal Bank?—A. I had it re-deposited.

"Q. Almost immediately after its withdrawal?—A. That afternoon.

"Q. And you allowed that deposit to remain in the Royal Bank for how long?—A. Until October 1st.

"By the Chairman:

"Q. Did you re-deposit it at any other bank on October 1st?

Mr. PORTER: No, deposited it immediately in the Royal Bank after withdrawing it from the Home Bank, and left it there until the 1st of October.

"The CHAIRMAN: Yes, the witness said he left it there until the 1st of October.

"The WITNESS: On the 1st of October it was drawn and applied on a payment that was due.

"By Mr. Porter:

"Q. The money was withdrawn from the bank in bills,—in legal tender?—A. 400 ten-dollar bills, and one fifty-dollar bill is what I got.

"Q. And the teller of the bank to whom you presented your cheque asked you to accept a marked cheque?—A. No, he did not.

"Q. Did any of the officials of the bank ask you to accept a marked cheque?—A. No.

"Q. Why did you not take one?—A. Because I wanted cash.

"Q. Why?—A. For the reason that I wanted to re-deposit it at once, and I preferred the cash.

"Q. Why prefer it? A marked cheque would be just as good as the bills to deposit in another bank.—A. It might, or it might not,—

"Q. Can you suggest any reason why it would not?—A. I had been of the opinion for several days, from what had been told me, that the sooner the location of that \$4,000 was changed, the better, and when I did get to it I undertook to do it right—to make the change good.

"Q. But then you knew that the Home Bank bill would be absolutely good even if the bank failed?—A. Yes.

"Q. And their marked cheque, even if deposited in another bank and accepted, would not be?—A. The thought of a marked cheque never came to my mind, or was not mentioned.

"Q. You insisted upon spot cash?—A. I did not insist—

"Q. Well—A. Half a moment: I did not insist on anything; I simply wrote my cheque and laid it down there. By the way, let me clear up one point. I notice that cheque is dated the 14th of August. That is a mistake; that is in error; that cheque was written on the 15th day of August."

Mr. Ryckman, in his remarks, endeavoured, I thought, to leave the impression on the Committee that Mr. Murdock had intentionally dated the cheque the 14th instead of the 15th. That was the impression that I got, that he was endeavouring to cause the Committee to believe that that had been done intentionally—

Mr. RYCKMAN: You heard me say I accepted his explanation.

Mr. GERMAN: There is just one thing about it. Mr. Murdock, to show his honesty of intention, volunteered that statement himself; he was not asked the question. If that cheque had been dated on the 14th it would have ended this case right there; that is, if the money had actually been drawn on the 14th. Mr. Murdock was not asked the question, but he volunteered the statement, and I say it shows his honesty of intention in volunteering something which was not asked for. Then, at the top of page 79, we find the following:—

By Mr. Porter:

"Q. And you tell me, Mr. Murdock, that there was no conversation between yourself and any of the bank officials in which you insisted on cash rather than a marked cheque?—A. Nothing, except that the teller said to me—when I say 'the teller' I mean the official who waited on me.

"Q. Yes?—A. He said to me 'Do you want this now, Mr. Murdock?', and I answered, 'Yes.' That was the entire conversation."

Now, what does Mr. Gordon say on the matter? He said he came here on the 9th of August and went up to Mr. Murdock's office on private business, and while there, not knowing Mr. Murdock had any money deposited in the Home Bank at all, stated he had heard in a casual way, from the President of the Home Bank, Mr. Daly, who is now dead and gone, that the bank was in a precarious condition. He said he told Mr. Murdock all this, and that is the information which Mr. Murdock had. Mr. Murdock said emphatically he got no other information from that time until the minute he drew out the money. Are you to believe him or not? That is the question for the Committee. That is what he says. Are you to accept his word, or are you to accept, as being proof of guilt, a mere suspicion conjured up in the minds of my hon. friends? Surely there cannot be in the minds of this Committee any two opinions regarding the matter, and that the amendment to that resolution should carry, that the case is not only not proved, but it is absolutely disproved by the statement of Mr. Murdock and the statement of Mr. Gordon, who gave him the information as to the failure of the bank.

Something was said about deposits. What is the position as to that? It seems Mr. Murdock's private secretary had been accustomed to handle his funds, and had a Power of Attorney to handle the funds in all banks, in the Home Bank, and in other banks. On this particular 15th of August he was in his office with a legal gentleman from Toronto who was there in connection with legal business for the Department. Mr. Murdock could not go out himself so he calls his secretary, and says: "Take this money to the Royal Bank and deposit it so you can deal with it the same as you have done before". She said: "I have no Power of Attorney and I will have to deposit it in trust". He said: "All right." He was in a hurry and told her to go on. He tells this young lady, in whom he has the greatest confidence, whom he was willing to trust with 400 ten-dollar bills, to make a deposit; she had been handling his personal accounts continually—he told her to deposit this money and she did. She had no Power of Attorney for the Royal Bank, to draw money, and she had to deposit in her own name in trust in order to get the money on cheques. It would be difficult to conjure up any offense against law and order on evidence of that kind, and I ask you gentlemen of the Committee, in all sincerity, to support the amendment to the resolution. Mr. Murdock made his statement as soon as the matter came to his attention officially. He had seen notices in the newspapers, but he felt absolutely honest in the matter. When Mr. Clarkson, the liquidator of the bank, and the trustee for the creditors and shareholders, wrote to him and said he should return the money, Mr. Murdock at once wrote back and said, "I do not think I am legally bound to return this money". I do not believe he was legally bound, and I do not believe that Mr. Clarkson could ever have recovered the money from him, but Mr. Murdock said, "I do not want any person to lose anything from any act of mine," and he returns the money, or so much as he has on hand. In every particular, Mr. Murdock has acted with the greatest degree of sincerity, with the greatest degree of openness and honesty; he did what he did from the information that he got from Mr. Gordon, which he says is the only information he got, yet, notwithstanding that, the hon. gentlemen come here and ask you to convict him of a crime which would result in his leaving the Government, and probably being expelled from the House of Commons, a most serious affair; and you are asked to convict him of that serious crime on evidence that you would not hang a dog on. I ask you to vote for the amendment.

Mr. HANSON: Mr. Chairman, I desire to make some very brief observations to the Committee supplementary to those which have been made by my colleague from East Toronto (Mr. Ryckman) and I desire to approach the consideration of the question in the same spirit in which it has been approached from the hon. gentleman who made the statement in the House of Commons, my colleague on my right (Mr. Porter). I expressly dissent from the view that this matter should be approached from the point of view of the hon. gentleman who has just taken his seat (Mr. German). I feel the responsibility that rests upon me, as a member of this Committee. I venture the assertion that the hon. gentleman who has taken his seat (Mr. German) has approached the matter entirely from a point of view of a special pleader and not the point of view of a juror, who has, in effect, to do his duty from the evidence adduced before him; and I expressly disassociate myself and my colleagues from that point of view, and from that attitude, which is not the attitude we have taken from the very beginning in connection with this matter. May I further say to you, sir, that the charges laid against the Hon. Minister of Labour are in no sense criminal charges, and inasmuch as they are in no sense criminal charges, the method of procedure to be adopted and followed here are not those of ordinary criminal procedure, notwithstanding the opinion that the Hon. Chairman may have expressed during the course of this debate this morning. The Minister of Labour is not charged with crime, but, in effect, his honour is attacked, and insofar as it is a question of an attack upon the hon. gentleman's honour, I say the methods adopted should be those adopted by the gentlemen who have preferred these charges, and it should have been made in accordance with all the precedents we have been able to find in the books which have been read here to-day and heretofore.

Being a matter of impropriety and being a charge on the honour of the hon. Minister and a member of this House, it was incumbent upon him and in accordance with all the precedents, that at the earliest opportunity he should have made a full, frank and true statement to the members of the House of Commons on the 22nd day of May, either disavowing or acknowledging the charges that have been made, and in that regard I venture the assertion that the hon. gentleman has been singularly unfortunate.

Now, I do not desire to repeat what has already been stated by this Committee, and very much better stated than I could state it, but the gravamen of the charge as already stated is the attack on the proprieties by certain performances of the Minister as the result of information which could have come to him in his capacity as a Minister. The citations made by my hon. colleague (Mr. Ryckman) this morning from such eminent authorities as he has quoted, I think leave no question as to the position which the Committee, sitting as a judicial body, should assume this morning. In other words, the position laid down by the then Prime Minister of England, and by Sir Rufus Isaacs must be beyond question, and it is from the point of view of the statements made by them that this Committee should approach the consideration of this matter. It has never been charged that the Minister of Labour made a profit out of this transaction, in expressed terms, but I fail to find any distinction existing as a matter of propriety between that sort of a charge, namely, the making of a profit, and the saving of a loss. I think any distinction drawn in that connection should be removed at once from the mind of any hon. Members who desire to give a dispassionate opinion and give a dispassionate vote on the question.

Hon. Mr. MACDONALD: Do I understand it was never mentioned that he made a profit?

Mr. HANSON: Perhaps I have not expressed myself well, but the distinction which was sought to have been made here by gentlemen defending the Minister of Labour was that because he did not actually make a monetary profit—

Hon. Mr. MACDONALD: That is what was charged.

Mr. HANSON: I will come to that in a minute. As I was saying, the distinction sought to be made was that because he did not make a positive, affirmative, monetary profit from the transaction that, therefore, there could be no impropriety, and no taint on his honour.

Hon. Mr. MACDONALD: Is not that the foundation of the charge?

Mr. HANSON: The essence of the allegation is this, that because of the impropriety, because of the breach of honour, if I may so say, he was saved from loss—

Hon. Mr. MACDONALD: No, that is not the charge.

Mr. HANSON: That is the gravamen of the charge.

Hon. Mr. MACDONALD: The charge is that the Minister had received advantage and profit to himself.

Mr. HANSON: I will discuss that in a moment. I am glad my hon. friend, the Minister of National Defence, in his anxiety to defend his colleague—

Hon. Mr. MACDONALD: Don't make that insinuation. You undertook to say that because there was no profit it made no distinction, and I wanted to call your attention to the fact that that was the charge.

Mr. HANSON: An advantage may consist of a positive kind of an advantage, or a negative kind of an advantage; an advantage may be positive in its character or negative in its character. I submit that the advantage which accrued to the Minister of Labour here was negative in its character, inasmuch as by an impropriety he saved himself from loss, and, therefore, his conduct as a Minister is quite within the statement made by the member for West Hastings (Mr. Porter).

Hon. Mr. MACDONALD: I wanted to get your argument—

Mr. HANSON: The Hon. Minister will have ample time to express his views. I did not interrupt anybody and I do not desire to be interrupted myself.

Hon. Mr. MACDONALD: I was only trying—

The CHAIRMAN: Order. Mr. Hanson has the floor, and unless he is willing to permit you to ask questions, Mr. Macdonald,—

Hon. Mr. MACDONALD: I was endeavouring to help him clear up his argument.

Mr. HANSON: I can quite appreciate that; the Hon. Minister always does that. He is noted for that sort of thing. Just in that connection, before I pass on to the next phase of the matter, I would call the attention of the hon. members of this Committee that the profit that accrued to the hon. Minister was to the extent of the withdrawal, and to that extent he saved himself, and his own admission is that he so saved himself; therefore, inasmuch as that portion of the charge is concerned, there can be no doubt; in fact, there is an agreement. Those are the exact words of the charge, "That he saved himself to the extent of such withdrawal," and I do not sympathize for one moment with the viewpoint which has been advanced here on more than one occasion during the course of this action, that because he made no affirmative profit, that he made no money—in addition to that which he already possessed, that, therefore, he is outside the pale of this charge.

Now, it is not my desire to go at any length into the evidence connected with this matter, but I think I will be only doing my duty if I call attention to the specific statements of facts which were made by the Hon. Member for West Hastings (Mr. Porter) on the 22nd day of May, 1924, in the House of Commons, and which are embodied in the minutes of Hansard for that date, to see how far we may be in agreement as to their substantiation. The first statement is that, "The Home Bank, on the 14th of August, 1923, held a meeting of directors when it was made evident the bank must fail unless it received assistance, and this position apparently was known some time before." By the ruling of the Chair, we were unable to prove that the Home Bank had a meeting of its direc-

tors on that date, but that is of no moment in view of what transpired on the evening of that day. I think it is accepted without question, and is beyond cavil, that on the evening of the 14th the Home Bank was "in extremis," and this was confirmed by Mr. Stewart and admitted by the Prime Minister and the other members of the Cabinet who met with him at his residence on that occasion. I do not think that point needs to be laboured with at all. We will all accept as a matter of fact, the underlying statement, the gravement of the statement that is contained in the first statement of fact outlined by the member for West Hastings (Mr. Porter). Neither will we dispute, because I think it will be taken as an accepted fact, that Mr Stewart proceeded to the city of Ottawa on the evening of the 14th, and as to what took place at the Prime Minister's residence and at the Chateau Laurier, and in that connection I desire to point out to the Committee that not only the Prime Minister in expressed terms, but also two members of the Cabinet have stated here under oath that the matters disclosed to them on that occasion by Mr. Stewart were of such great importance that they would be derelict in their duty if they did not discuss it in Cabinet Council.

I want to respectfully call attention to the evidence of the Prime Minister at page 94, to that of the Hon. Mr. Robb at page 65, and to that of Hon. Mr. Graham, inferentially, at page 62, and I will, therefore, ask the members of this Committee to conclude, especially in the absence of any denial on the part of the gentleman who could have denied most effectively, that this was a matter for consideration by the Cabinet Council on the morning of the 15th of August. We are driven irresistibly to the conclusion that this was a matter which was before Cabinet Council on the morning of the 15th day of August, at which the Hon. Minister of Labour attended, and which was admitted by him, notwithstanding the ruling of the Chairman of this Committee, and notwithstanding the vote of this Committee on appeal. I want to give the Minister credit for that frank admission, that he was in attendance. And the Minister of Labour walked from Cabinet Council to the Home Bank and drew out his money, and I maintain that in the words of the statement of the charge, "He, therefore, received advantage and profit to himself to the extent of the withdrawal of that money." I want to suggest that hon. gentlemen can do nothing to salve their consciences if they conclude that on any other ground other than the information which must have been disclosed to the Hon. Minister of Labour at that morning meeting of Cabinet Council that he walked to the Home Bank and drew out his money. Gentlemen, I ask you to weigh very carefully the sequence of the events which speak more eloquently and in louder terms than any that I can command, and then ask yourselves, with a calm view of the sequence of events, this vital question: "What was the controlling factor in the mind of the hon. gentleman in making a withdrawal from the Home Bank of Canada at 20 minutes to one on the afternoon of the 15th day of August," and I think if you are true to your consciences, if you are true to your own intellects, if you are true to your own knowledge of human nature, you will reach no other conclusion, but that the impelling factor, the whole motive, was the information received by the Hon. Minister at Cabinet meeting that morning.

It will be said that my learned colleague (Mr. Porter) did not prove affirmatively that the matter was discussed in Cabinet Council that morning. Unfortunately the absolute privilege given by the Cabinet Ministers' oaths closes the transactions in Cabinet Council and precludes us even from asking the question as to who was there, but our efforts to prove the matter by inference were equally as strong as positive and direct statements would be if the question of privilege were removed. I have already stated briefly the effect of the Prime Minister's evidence in this particular connection. You will observe, if you refer to his evidence that he swore positively that the matter was of such capital importance that he would not be justified in doing otherwise than bringing it before the Cabinet.

Mr. GERMAN: May I interject a question, Mr. Hanson? Could that not be quite consistent with his action, if he intended to make the advance at all. He had decided he could not make the advance, and consequently it was not necessary to bring it before his colleagues.

Mr. HANSON: But there might be other things which might influence him, causing him to bring it before his colleagues. As a matter of fact, he said it was of such importance as to necessitate bringing it before his Cabinet colleagues, so I think we are drawn irresistibly to the opinion that he did. As a matter of fact, if hon. gentlemen will turn to page 94 of the evidence, you will observe this:—

“Q. I take it from your answers as a whole which I have read and which you have read, that the disclosure which was made to you at that time was of such a serious and important nature, or was of such an important nature that you would naturally desire to consult with your colleagues about it?—A. Yes.

“Q. You would not feel justified in withholding that from the Cabinet?—A. I felt that Mr. Stewart had spoken to me as a Member of the Government.

“Q. And you would not feel that you were doing your duty in not disclosing that to your Cabinet?—A. I should certainly wish to confer with my colleagues about it, yes.”

This matter was of a very serious nature, inasmuch as it concerned the commerce of the whole country, and one can well imagine the effect it would have over the whole community. Surely the failure of a bank in Canada is not confined to the mere life of the institution, but is so important to the commerce of this country that discussion of the question is a reflection of the attitude of those concerned, and inasmuch as it might concern them as custodians for the time being of the Government, and the effect it would have upon the general character of the commercial business of the country, it is safe to assume, from that standpoint, that undoubtedly this matter was discussed in Cabinet Council on the morning of the 15th of August. It would have been so easy not only for the Minister of Labour, but for Mr. Robb, or Mr. Graham, or for the Prime Minister himself to have stated, without violation of their oath, that the subject of the impending failure of the Home Bank was not discussed in Cabinet Council that morning. We would not naturally ask him such a question, and the astuteness of my learned friend, a gentleman of long standing at the Bar of Ontario, would, I venture to assert, preclude him from asking that question, in fact, I venture the assertion further that he himself did not dare to ask that question, and for that reason did not ask it.

Hon. Mr. MACDONALD: You know he could not have answered it.

Mr. HANSON: He could have answered it in a negative sense.

Hon. Mr. MACDONALD: He could not have answered it.

Mr. HANSON: My learned friend is not asking a question, and the interruption of the Hon. Minister of National Defence is quite commensurate with his previous character—

Mr. JACOBS: Order.

Several MEMBERS: Order.

Hon. Mr. BUREAU: Now, Mr. Hanson—

The CHAIRMAN: Order.

Mr. HANSON: I withdraw the word “character” and will substitute the word “method”.

Hon. Mr. MACDONALD: When Mr. Hanson quits playing with the Fredericton agreement—

Mr. HANSON: Never mind the Fredericton agreement. I did not mean to impute, and my hon. friend knows me too well not to believe this, anything improper from the standpoint of his character, but I want to insist that he do not interrupt me with meaningless interruptions. If he wants to ask any questions I have no particular objection to it, but his object is to throw one off the trend of his statement—

Hon. Mr. MACDONALD: I am within my rights in making a statement—

Mr. HANSON: If the hon. gentleman wants to ask a question, he may have the floor.

The CHAIRMAN: Order.

Mr. HANSON: At page 94 we find the following:—

“Q. I take it from your answers as a whole, which I have read and which you have read, that the disclosure which was made to you at that time was of such a serious and important nature, or was of such an important nature that you would naturally desire to consult with your colleagues about it?—A. Yes.

“Q. You would not feel justified in withholding that from the Cabinet?—A. I felt that Mr. Stewart had spoken to me as a member of Government.”

That is complete acquiescence, but Mr. Porter was not entirely satisfied, and went on:—

“Q. And you would not feel you were doing your duty in not disclosing that to the Cabinet?—A. I should certainly wish to confer with my colleagues about it, yes.”

That is about what took place at the Premier's residence on the evening of the 14th.

Mr. ETHIER: What would have been the reason to put that question before the Cabinet on the 15th, when it was decided the night before that the matter should be referred to the Bankers' Association?

Mr. HANSON: They had not decided that. I thought I had made myself clear on that and was proceeding on another matter. The reason why it would be discussed was because of the effect it would have on the business of the whole country, and not simply the ultimate fate of this institution, that was gone then, unless the Bankers' Association would do something, but it was on account of the effect on the business of the whole country, and if my hon. colleague in this Committee does not feel that it was important enough to bring before Council, all I can say is that his Leader, the Prime Minister, did not agree with him because he swears positively that it is, and his two colleagues, the Hon. Mr. Robb, and the Hon. Mr. Graham both confirmed his views. So much for that.

The minute there was established even in a criminal case—if this was, and I have expressly stated that in my opinion it is not—the sequence of events which acting together from cause and effect then, I submit, as a matter of law, that the onus of proof was immediately shifted. Legal gentlemen here know what I mean by that. The onus probandi was immediately shifted by my colleague here to the Minister of Labour, and it was then for him to show—the sequence of events I have outlined having been shown to you—it was then for him to show positively and affirmatively, and beyond the shadow of suspicion, as he alone could do, that he had not received any information in Cabinet Council. It was incumbent upon him to do that, and I suggest, Mr. Chairman and gentlemen, that his failure to do that before this Committee is the greatest blot on his character as a Minister of the Crown, if he wishes to exculpate himself from the gravement of the charges against him. His absolute failure to deny the gravement of this charge, his absolute failure to state in unequivocal terms that he

received information in Cabinet Council which actuated him in making the withdrawal which he did—that, to my mind, is an outstanding feature of the actions of the Minister of Labour, and I leave that particular thought with the members of this Committee, and ask you to pause and reflect as to the effect of his failure in that connection, before you decide how you will cast your votes in connection with this matter.

Now, the Minister of Labour is not a lawyer, but he has evidently had some very clever legal advisors, and those of us who were trained in the old common-law procedure know there is such a thing as “a plea of confession and avoidance,” and the Minister has evidently been advised—or, more than likely, knowing him as well as we do, he has taken his own head for it—he has decided to say, “Yes, I took this money, and I never returned it at all until legal compulsion was brought to bear upon me, but I “had other information,” but he has carefully refrained from saying, as it was opened to him to have said, that he acted on that other information, and that other information alone. He leaves the inference in the minds of this Committee that he acted on the other information, but he has expressly avoided a statement that he acted on that, and on that alone. I know he tried to leave the impression there, but reading between the lines and giving a fair interpretation to what he said, he could not go that far. What was the other information which he had? Turn to his own evidence of his conversation with Mr. Gordon, and I venture the assertion that you will search in vain in the Minister's evidence for any concrete statement or any exact statement of a single thing that Mr. Gordon said to him. The only thing he gives is his statement on page 77:

“Q. What information did you receive?”—he was asked the straight question, and his answer was:—

“Mr. Chairman, my memory would be faulty to indicate just exactly what I received, but I did receive that from hearing Mr. Gordon recite various facts in connection with the Home Bank, its then present condition, and references to some of those who were connected with the Home Bank, and this gave me to understand that it was not by any means a safe institution. Further than that I do not think I could say definitely—”

then he was interrupted. Is there one single definite statement in that statement that would operate on the minds of any of you men and lead this Committee to believe that as a result of that conversation he went to the bank and drew out his deposit?

What does Mr. Gordon say? We have to go a little further there. He was slightly more specific, but not very much. Mr. Gordon said that casually, in the course of a casual conversation—he does not say how it arose but in the discussion of the sessional programme which had lately closed, banking matters were discussed, and the failure of Parliament to provide for outside inspection was discussed, and the conditions of the banking situation in Canada were discussed, and he intimated that the Home Bank was a “lame duck” and would probably be the next one to go. That is as far as Mr. Gordon goes. Mr. Gordon was careful to say that he had no exact inside information of the impending failure of the bank. It is true he mentioned a casual conversation had with Mr. Daly a month or more previous, but he admitted to me that Mr. Daly never left the impression in his mind, or made the statement to him that the bank was in danger of immediate failure, and if either or both of these gentlemen who gave evidence on this point had believed for a moment that it was in the mind of either that there was impending failure of the Home Bank, or if Mr. Gordon had communicated that fact to the Minister of Labour, is it not fair to assume that evidence of that statement would have been given? I want hon. gentlemen to ask themselves this question: “What was the controlling factor which caused the Minister of Labour to go and draw out his deposit?

Was it the conversation with Mr. Gordon which took place six days before the failure, or was it what transpired in Ottawa on the evening of the 14th of August and the morning of the 15th?" Which of these is more probably the cause and effect? What was the controlling factor? Ask yourselves these questions, and if hon. gentlemen can come to the conclusion, and in so doing can salve their consciences, that Mr. Murdock withdrew his deposit and saved himself from loss as a result of the conversation with the Deputy Speaker six days before the failure, I have no further cause for complaint. Let me go over that point once more. The Minister absolutely failed to say that he acted in consequence of what he had heard from Mr. Gordon. It was perfectly open to him to do so, and if he were to act in consequence of what he heard from Mr. Gordon why did he wait six days until after the crisis had been reached, and then go to the bank himself? That was not his usual course of business. The whole thing was so unusual as to lead one to the conclusion that the Minister was almost in a panic to get his money out. Well, human nature being what it is, I am not surprised at that. The Minister was very human, I am free to admit that, but he forgot he was a Minister of the Crown. Then, why did the Minister tell the reporter of *The Journal* that he did not draw the money because he was afraid the bank would fail, but that he drew it to pay on a house—

Hon. Mr. MURDOCK: I didn't tell him any such thing. You cannot find it in the evidence.

MR. HANSON: We have in the evidence the Minister's statement in his letter to Mr. Clarkson of the 14th of May, "I made this withdrawal in the ordinary course of business"—

Hon. Mr. MURDOCK: Right.

MR. HANSON: He expressly stated so, very frankly, that he drew the money out to save it and I suggested to the Minister that possibly he would adhere to the statement he has already made that he told the reporter of *The Journal* that he drew it out to make a payment on his house, and that has appeared in the public prints, and he said that the statement contained in *The Journal's* report is substantially correct. Now, I do submit that, to call it by no weaker phrase, there has been an equivocation on that point by the Hon. Minister of Labour; at all events, he was not frank. I think he was frank when he was here under oath, when he stated frankly, or so it appeared to me, that he did not think the Home Bank was a safe place for the custody of his sessional indemnity and he drew it out to save it. That was a frank statement, but his statements made to Mr. Clarkson and to the reporter of *The Journal* were not true.

Now, hon. gentlemen, of necessity, in presenting a matter of this character, one unconsciously falls into a position of advocating one side or the other, but I want one or two things to be made clear even at the risk of reiteration. In the first place, I desire to reiterate that the Hon. Minister is not charged with a crime, and consideration of this question should not be approached from that standpoint. It was not a crime, but it may have been, and I think the result shows it was, a breach of a civil right. At all events, the Minister's action in returning the money, after legal demand was made upon him, was a recognition by him of the fact that it was a breach of a civil right, because I cannot conceive of the Minister returning money if he had not inside information which he should not have had, and which put him into the privileged class, and it is for an impropriety such as that that the Minister's position and his conduct is challenged, and I do submit that, having regard to the situation as a whole, and all the surrounding circumstances, the deduction that an ordinary mind actuated by ordinary motives, and not an extraordinary mind actuated by extraordinary motives, will draw from circumstances such as these are, in the absence of specific denials from the Minister himself or his colleagues, that this Committee have reason to find that the charges as laid have been proved.

The CHAIRMAN: Is the Committee ready for the question?

Mr. STEWART (Leeds): Mr. Chairman, before the matter is disposed of I desire to address the Committee very briefly. This is the first time I have had the opportunity or privilege and the responsibility of acting on a committee of this kind and I desire to approach the discharge of my duty in the same fair, generous spirit that has characterized the conduct of the gentleman who has made this charge in the House of Commons (Mr. Porter), and in the way in which he has conducted this inquiry throughout. I assume, Mr. Chairman, that this Committee is here as a court of justice, that we have all the powers, all the privileges, all the rights, all the responsibilities, and all the duties of a court, and if that be so, then the rules of evidence must apply and we must discharge our duties as a court and not in any other capacity or from any other motives than those which should characterize and must characterize judges and jurors in determining a question which is brought before them.

Now, Mr. Chairman, the main facts of this matter are not in dispute, namely, that the Minister of Labour had on deposit a considerable sum of money in the Home Bank of Canada; that he withdrew that money hurriedly on the 15th of August after attending a meeting of Cabinet. Now, I submit that one of the duties of this Committee is to draw inferences from facts which have been proven, and I am going to submit there are just three inferences which should be drawn, and which are irresistible from the facts proven in this case. First, the Cabinet were aware of the condition of the Home Bank on the night of the 14th of August, and I think the conclusion is irresistible that that matter was discussed at the meeting of the Cabinet held the following day. In fact, to infer anything to the contrary would be to assume that the Government and the members of the Cabinet were negligent in the discharge of their duty, something which I would not assume for a moment. So the first inference which I think is irresistible is that this matter was discussed at the Cabinet Council meeting on the 15th of August, particularly as there is no denial, and I submit that, while the proceedings of Cabinet Council cannot be disclosed, it would be quite right to state that such-and-such a matter was not discussed, because you are not thereby disclosing the proceedings of the Cabinet Council. So, inference No. 1 is that this matter was discussed at the Cabinet Council meeting. Mr. Murdock admits he was at that meeting and then immediately after he withdrew the money, and when we look at the time, the circumstances, the manner in which the money was withdrawn, the way in which it was subsequently re-deposited, we are forced to the second conclusion that it was withdrawn with a knowledge that the bank was about to fail and for the purpose of preventing a loss to Mr. Murdock. Now, if there were nothing more than this, I submit the conclusions are irresistible that the charge preferred by the hon. member for West Hastings (Mr. Porter) has been completely and unanswerably made out. But Mr. Murdock says, "I withdrew that because of information which I received in another way and at an earlier date." Now, Mr. Chairman, I will submit that the inference to be drawn from the information given on that day by the Deputy Speaker of the House, and the lapse of time between the receiving of that indefinite, hazy information, from the 9th of August to the 15th of August, forces this Committee irresistibly to the conclusion that the Hon. Minister of Labour was not acting upon that information. If he were acting upon that information, the natural and the proper course for him to have adopted was to have withdrawn the money the next day and I submit that the lapse of time, the haste of action following the meeting of the Cabinet Council on the 15th of August, the re-depositing of the money, and all the circumstances surrounding this thing, forces this Committee irresistibly to the conclusion that he was not acting upon, in pursuance of, or because of information which he received from the Deputy Speaker six days before. It is the duty, as I understand it, Mr. Chairman, of this Committee, to assume all these responsibilities, and to draw these inferences, and the only inference

I again submit that can fairly and properly be drawn, as a court, from these circumstances are that the Minister of Labour, while attending this meeting of Council, was made aware of the impending failure of the bank; that he immediately went and withdrew this money, and that thereby he secured advantage over the other depositors, and that his conduct in this respect was not becoming to a Minister of the Crown, but was just exactly what has been charged in this complaint that has been made by the member for West Hastings (Mr. Porter).

The CHAIRMAN: Is the Committee ready for the question?

Several MEMBERS: Question.

The CHAIRMAN: Mr. Porter Moves:

Mr. Porter moves, seconded by Mr. Guthrie:

"That this Committee having considered the resolution referred to the Select Standing Committee on Privileges and Elections on the 22nd day of May, 1924, as follows:

THURSDAY, May 22, 1924.

Ordered—that the following:

'Mr. Porter, seconded by Mr. Guthrie, moved that E. Guss Porter, member representing the Electoral riding of West Hastings, in this House, having declared from his seat in the House, that he is credibly informed and that he believes he is able to establish by satisfactory evidence that;

The Honourable James Murdock, Minister of Labour, did withdraw from the Home Bank at its Ottawa Branch on the 15th day of August, 1923, two days before such bank's failure, thousands of dollars on deposit therein to his credit, using certain information he had received, as such Minister, of the likely immediate failure of said bank, and had received advantage and profit to himself to the extent of such withdrawals, contrary to his obligations as such in derogation of his office, and the honour, dignity and traditions of Parliament,

be referred to the Select Standing Committee on Privileges and Elections of this House to inquire fully into the said allegation with power to send for persons, papers and records, to examine witnesses under oath of affirmation, and that the said Committee do report in full the evidence taken before them and all other procedure on the reference, and the result of their inquiries to this House for such action thereon as this House may determine.

W. B. Northrup,

Clerk of the House of Commons.'

and having heard the evidence given by all witnesses submitted in support of the charge contained in said Resolution and all evidence and statements made in answer thereto and examined all exhibits filed on such inquiry beg leave to report as follows;

(1) That the charges contained in the said Resolution have been proven and sustained.

All of which is respectfully submitted."

Mr. German moves in amendment that paragraph 1 be struck out and the following be substituted:—

"The evidence taken by the Committee shows that Honourable Jas. Murdock on the 15th of August, 1923, drew out of the Home Bank of Canada at its Ottawa Branch, the sum of \$4,050, but there is no evidence to show that before so drawing out said sum he had received information as a Cabinet Minister, of the probable failure of said Bank. The evidence also shows that the only information Mr. Murdock had of the probable failure of said Bank, was received as a private citizen, from Honourable G. N. Gordon, in friendly interview on the 9th of August, 1923.

"The Committee finds that Honourable Jas. Murdock did nothing in connection with the withdrawal of such money from the Home Bank contrary to his obligation as a Minister of the Crown, or in derogation of his office and the honour, dignity and traditions of Parliament, and that the charge submitted to this Committee for investigation, so far as it affects the honour of Mr. Murdock, is not only proved but entirely disproved."

The question is on the amendment. All those in favour of the amendment will please say, "Yes."

Several MEMBERS: Yes.

The CHAIRMAN: Those opposed will please say "No."

Several MEMBERS: No.

The CHAIRMAN: In my opinion, the "Yeas" have it.

Mr. HANSON: Call the roll.

The CLERK: Those in favour of the amendment will answer "Yes," those against it will answer "No."

(Whereupon on division, the amendment was affirmed, 14 for; 8 against).

The CHAIRMAN: I declare the amendment carried. Shall the motion as amended carry?

The motion agreed to.

The CHAIRMAN: I declare the main motion as amended carried on the same division.

Mr. STEWART (Leeds): I wish to move a minority report, which I understand I have the right to do and which will be presented as an appendix to the resolution which has been passed here.

The CHAIRMAN: Well, Mr. Stewart, I do not want to interrupt you, but I am trying to follow as closely as possible the precedents in inquiries of this nature. The last inquiry of this kind which was held in the House was the Lanctot inquiry in 1911. There was no minority report moved in Committee, but, as I stated before at the opening of this sitting, I thought a sub-committee should be named. The sub-committee in the case of Mr. Lanctot drafted two reports "A" and report "B." Report "B" was the minority report. These reports were submitted to the whole Committee who voted on them and report "A" carried. In the report to the House there was no mention of the minority report B, and I think the proper procedure is when the Chairman moves for concurrence of the report in the House that in amendment some member may move a minority report. This procedure has been followed in practically every case. In the inquiry on the Yukon election in 1918 there was a report moved by the majority and the Chairman was not in favour of that report, so that the report of the majority was moved by another member, in the House, and the Chairman moved that this report be not concurred in, but instead, that a minority report, drafted by himself, should be adopted. I think it would be the proper procedure to wait until the motion for concurrence is made in the House.

Mr. STEWART (Leeds): You have referred to the Lanctôt case? I have read the proceedings in this case, but a different course has been adopted here from that followed in that case. I gather from your statement of it that the two reports came from the Committee to the House?

The CHAIRMAN: No, that is not exactly right.

Mr. STEWART (Leeds): There were two reports submitted or considered or moved in Committee.

The CHAIRMAN: Yes—

Mr. STEWART (Leeds): You said report “A” and report “B”.

The CHAIRMAN: Yes. I will give you the minutes of the proceedings; I have them before me—

Mr. PORTER: May I say a word? I have looked into it very carefully and I have also consulted authorities upon the matter, and I find this is to be the procedure; that a minority report cannot be inserted in or become a part of the report itself. The proper practice is not to sign it, but to put it with the report as an appendix to the report. I use the exact phrase “appendix to the report”. That is simply attached to the report, and goes in, and may be discussed in the House.

Mr. GERMAN: Mr. Chairman, you never will get to the end of it with that sort of thing. You could have a half a dozen appendices to the report. The course has always been pursued—and I think it is the proper course—that the report be carried by the Committee now, which does not prevent the minority from presenting on the floor of the House a minority report, but this is the only report that this Committee will send to the House.

Mr. STEWART (Leeds): I am not asking this to be sent in as a report—

The CHAIRMAN: Referring to the Lanctôt case: As I stated before there was a sub-committee appointed which reported to the whole Committee as follows: “The sub-committee appointed to draft a report to the House on the matters contained in the Order-of-Reference of the 6th ulto. beg leave to report that they have been unable to come to an unanimous conclusion; they therefore submit herewith two draft reports, marked “A” and “B” respectively, the former prepared by Messrs. German, Geoffrion, and Kyte and the latter by Messrs. Barker and Monk, leaving it to the Committee to decide which, if either, of the said draft reports they will adopt as their report to the House. All of which is respectfully submitted.” This report of the sub-committee was then made to the Committee, and Mr. Gervais moved that the draft report submitted by the sub-committee and marked “A” be adopted as the report of the Committee. Mr. Monk moved in amendment that the said motion be not concurred in, but that the draft report marked “B” be reported to the House as the report of the Committee. And the question being put on the main motion it was agreed to on the same division reversed:—

“Resolved that the said draft report marked ‘A’ be the report of the Committee and that the same be presented to the House with the minutes of proceedings and evidence attached thereto”.

It seems to me, from these proceedings, that the report we have now adopted should be presented as the report of the Committee, permitting you the liberty of discussing it and moving an amendment to the report. “That the report be not concurred in but that the following be the report of the Committee”.

Hon. Mr. BUREAU: We have decided to follow procedure. The gentleman for West Hastings (Mr. Porter) comes in and presents a report in the form of a motion, which was his own conclusion of the proceedings. An amendment was moved by my friend from Welland (Mr. German) and the amendment was carried. It is now before the Committee as the report of the Committee.

The CHAIRMAN: That is my opinion, but of course I am always open to conviction.

Hon. Mr. BUREAU: My friends are free to move anything they like in the House.

Mr. PORTER: The Order-of-Reference, Mr. Chairman, if I may call attention to that again, as you have acted mine so frequently, is that all the proceedings before the Committee are reported to the House. This is a proceeding before the Committee, and it must be reported to the House.

The CHAIRMAN: That is true, Mr. Porter. It will be reported to the House, in this way; the draft report which you made has been taken down by the reporter. It will be in the evidence, and when I am making my report, which has been voted on, I will report all the evidence at the same time, including your report. The motion which carried in the Lanctot case is as follows:—

“That the said draft report marked ‘A’ be the report of the Committee and the same be reported to the House, with the minutes of the proceedings and evidence attached thereto”.

Therefore, in presenting my report to the House, I will, at the same time, present the evidence attached to the report, and in that evidence will be included your draft of the report.

Mr. PORTER: That is one way of getting it before the House, but there is a further provision that instead of its appearing as a part of the evidence—the evidence is from the witnesses and this is neither evidence nor is it an exhibit; it is a proceeding by this Committee, and will not appear as part of the evidence, nor as an exhibit. It will appear in the nature in which it is presented, as a resolution of the Committee, and while it cannot appear as a part of the report, it should appear as an annex to the report—that is the expression used, “an annex to the report”. I think I can find it in May; I know it is in Bourinot.

Hon. Mr. BUREAU: How can you have a minority report when there is no majority report? My friends have chosen to follow a procedure which I never heard of before, and I have been on this Committee for twenty years. Instead of having a sub-committee appointed, he has chosen to come in with a report prepared by himself in the form of a motion. This has been discussed, and an amendment has been moved by Mr. German, and we have taken a vote on the amendment—

Mr. PORTER: Which was already prepared too. I had mine ready, and his was ready too.

Hon. Mr. BUREAU: You want to bring in a minority report, but where is the majority report?

Mr. HANSON: The motion of Mr. Porter is simply an appendix to the report.

Hon. Mr. BUREAU: It is in the proceedings, because, when the Chairman reports, he will report the motion of Mr. Porter in full and then will report the motion as amended carried. The whole thing will appear.

The CHAIRMAN: I think this is a mere academic discussion—

Mr. BROWN: A similar situation arose in the Private Bills Committee yesterday. I, myself, moved a minority report. We failed to have that accepted. There was no provision for a minority report, but the entire proceedings will be reported to the House. All that can be accomplished by a minority report will be accomplished if this procedure is followed. It was followed yesterday, and I see no reason why it should not be followed here.

The CHAIRMAN: At the opening of this sitting I was careful to suggest that we should follow the procedure in the Lanctot case, and have a sub-committee appointed, but Mr. Porter insisted on putting his motion.

Mr. STEWART (Leeds): I wish to formally move, Mr. Chairman, that this minority report be presented as an appendix to the report.

Mr. JACOBS: It goes in as part of the record without any motion.

Hon. Mr. MACDONALD: This motion is not in order. There has already been submitted before the Committee what might be called a report moved by Mr. Porter, and an amendment submitted by Mr. German. The Committee has adopted one and refused to adopt the other. The matter is of record, and now to come along with a subsequent motion, after the whole question has been disposed of, as Mr. Stewart is doing, is entirely out of order. As Mr. Brown points out, it was settled in the Private Bills Committee yesterday.

The CHAIRMAN: It is not necessary to again give in my ruling on your motion the views that I have already expressed. I am of the opinion that you cannot bring in a minority report. I am following the precedents in similar matters. All that is related in your report will be fully submitted to the House, because it will be included in the evidence. I must decide therefore that your motion is out of order.

Mr. HANSON: When will the report be presented to the House and concurrence requested?

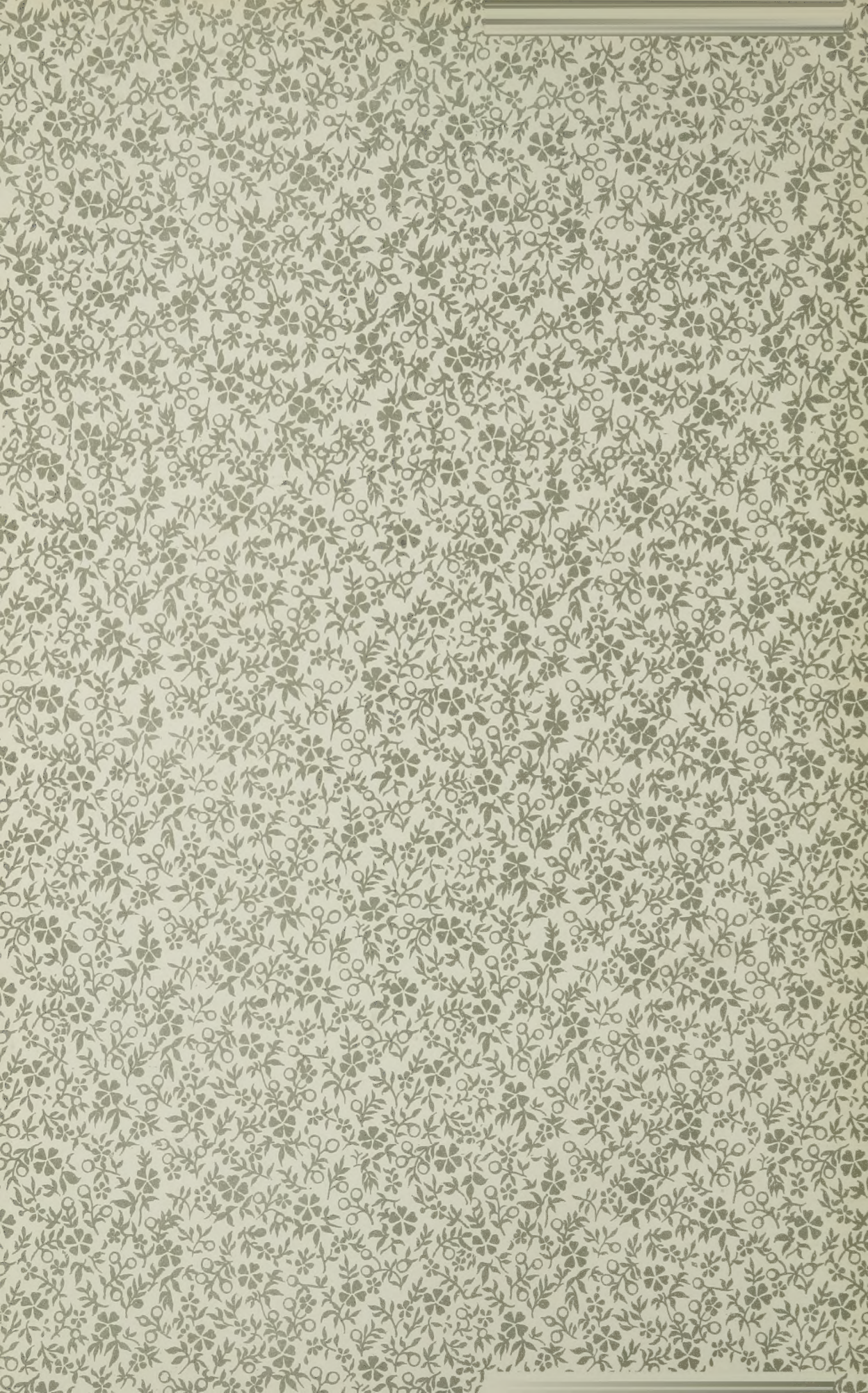
The CHAIRMAN: The evidence will not be ready for to-day. I am afraid, but I will present the report to-morrow.

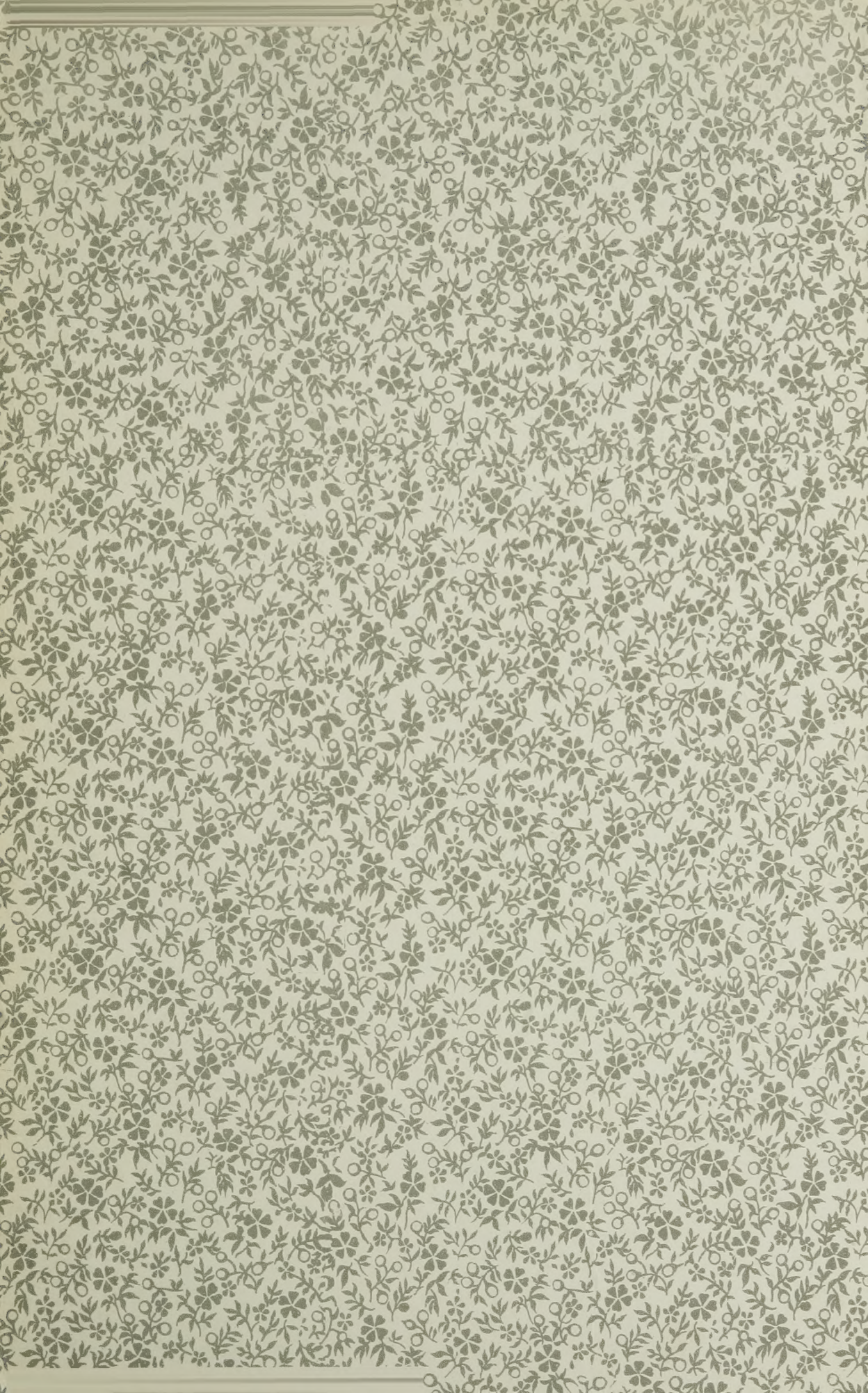
Hon. Mr. MACDONALD: That can be done by agreement.

Mr. HANSON: I would ask that it be not done on Friday or Monday when there will not be many in the House, because I imagine there will be some debate on it.

The CHAIRMAN: I will look after it as soon as I can.

The Committee adjourned.





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